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PARTICIPATORY ALTERNATIVE DEVELOPMENT PROGRAM

QUARTERLY REPORT (OCTOBER 1-DECEMBER 31, 2004)

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Executive Summary

Chemonics International Inc. is pleased to submit the following Quarterly Report for the period October 1 through December 31, 2004 in accordance with Section F.2 of Contract No. 527-C-00-04-00043-00: Peru Participatory Alternative Development (PDAP) program. The objective of this contract is to promote the sustained reduction of illicit coca production in Peru; it follows a previous contract (No. 527-C-00-03-00001) which was awarded to Chemonics in October 2002 for the implementation of pilot alternative development activities in Peru and concluded on August 30, 2004. The current contract runs from March 2004 through September 2007.

The following report summarizes the key activities undertaken during this period; their results, key lessons learned and projected activities for the next quarter. In an effort to facilitate the reading of this document, we have reorganized it according to the following chapters and indicate which CLINs the activities being reported on correspond to. We welcome any suggestions for the improved organization of this report to ensure it serves all intended purposes.

Highlights of PDAP Accomplishments--2004

- 75 education centers built, permitting approximately 2,000 students to learn in adequate facilities.
- 39 potable water projects built, allowing 12,000 members of rural communities to have clean drinking water. Clear water helps reduce the infant mortality rate; also allows women to spend time in productive activities rather than in collecting water.
- 29 inter-community roads built facilitating the transport of licit products to markets.
- New strategy to encourage private sector firms to work in coca regions introduced. 11 firms signing contracts to provide TA, maintenance and marketing support to 35,000 hectares of crops.
- Social network of 626 municipal authorities and lieutenant governors serving as catalysts for program, motivating over 300 communities to opt for licit development.
- 2,732 hectares of coca voluntarily eradicated.
- 5028 land titles submitted to PETT for processing in Aguaytia.

Chapter I: Context

Chapter II: Socialization (CLIN 2: Auto or Voluntary Eradication)

Chapter III: Implementation of Community Program (CLIN 2: Auto or Voluntary Eradication)

Chapter IV: Implementation of Cross-Cutting Initiatives (CLIN 2: Auto or Voluntary Eradication)

Chapter V: Communications (CLIN 3: Willingness to Reject Coca Increased)

Chapter VI: Monitoring and Evaluation (CLIN 5: Performance Monitoring)

Annex 1 contains a financial and administrative report. CLIN 1, start-up, has been completed and therefore no further reports for this CLIN are required. In the case of CLIN 4: Situational Response, this CLIN is focused on unanticipated yet essential services and goods to support the program. No specific activities conducted this quarter can be classified in this category and therefore no separate

report has been prepared. Although there have not been any specific activities under the CLIN yet, there are individuals on staff who are prepared to take on such activities as soon as they are identified by USAID, DEVIDA or PDAP management.

Four main events characterize activities this quarter: (1) R372 Review, (2) Community Negotiations or "Concertacion," (3) 2005 Work Planning Seminar, and (4) Meeting Targets.

R372 Review: In order to develop an accurate work plan to deliver all pending commitments in the 372 communities that had signed Convenios Marco with DEVIDA, community cards ("fichas") were designed. The information for the cards was drawn from PDAP's M&E system and verified in the field by the regional offices and during the community negotiation (concertacion) process. The preparation of the cards enabled PDAP to specifically define the commitments and level of compliance with those commitments, both on the part of the community (voluntary eradication of all of the coca in their community) and on the part of PDAP (delivering the priority programs

defined in the convenios). The cards are an excellent management and decision making tool, are now accessible via the internet on the PDAP website, and can be updated and reviewed in real time. The results of the analysis of the cards will serve as the basis for a presentation on the status of compliance with the R372 communities to be made to USAID and DEVIDA in early January 2005.

Community negotiations: In the process of finalizing the action plan to implement the pending priority projects in the 372 signatory communities, it became clear that visits to a target group of communities were necessary to confirm, clarify or change the priority projects as defined in the Convenio Marco. The reasons for the specific visits were varied and included the need to regularize the commitments made; to change projects that, for environmental, development impact, market or other reasons were no longer feasible; and to validate the final beneficiary list. A total of 180 communities (48%) in the four target regions were identified for this purpose, 122 (68%) of which were in Aguaytia. This process, called “concertacion,” began in early December. Teams composed of technical staff from the Lima Central Office, working closely with their counterparts in the PDAP and DEVIDA regional offices and the Economic Service Centers (CSEs), traveled to the targeted communities. In some cases, due to the complexity or tensions associated with the proposed changes, initial meetings were held with regional and/or municipal authorities and community leaders. In all cases, open meetings were held with the community residents to ensure a transparent process and to maximize everyone’s knowledge of the status of pending or reformulated activities, timetable and next steps. Any and all changes were documented in an Addendum duly signed by the Community and DEVIDA. The visits to the communities also provided critical feedback on PDAP’s programming, including mechanisms to promote greater participation of the local communities and authorities in program implementation, including co-investment. A key result of the process was PDAP’s ability to reinforce and, in some cases, reinforce the credibility and confidence of the communities towards DEVIDA and PDAP.

2005 Work Planning Seminar: This seminar was organized jointly with the USAID Alternative Development (AD) team and held November 22-23, 2004. Participants included representatives from NAS and USAID’s Economic Growth Office, Contracts, and Legal office, PDAP Regional Office and CSE directors, in addition to key members of USAID’s AD and PDAP’s management team. The objective of the workshop was to review PDAP’s performance to date, overall and specifically by region, to define key intervention initiatives and areas for 2005, and to develop guidelines for the 2005 work plan. The second day of the workshop was dedicated to analyzing historical and future budgetary implications based on several different scenarios. The key results of the meeting were the following:

- Concurrence that 2005 activities would focus on consolidating voluntary eradication activities in all four regions, to ensure participating communities remained coca free.
- Agreement to expand PDAP activities, primarily in Aguaytia and Tocache, using the proposed multi-communal approach, again to seek the largest contiguous areas—districts or regions—free of coca.
- In addition to complying with activities included in the initial 372 convenios signed, agreement that any new interventions with new communities would need to have a clear and sustainable development impact.
- Agreement to maximize PDAP’s ability to ensure accurate, transparent information on program progress and results is being communicated while also reinforcing messages to promote participation in licit economic activities as the key to future development.
- Decision to continue efforts focused on promoting/motivating private sector-led productive and commercial activities in the target areas.
- Establishment of a target of 2,500 to 3,000 hectares of coca voluntarily eradicated in 2005.

USAID has summarized these guidelines and are discussing them internally within USAID, the Embassy and DEVIDA. Preparation of the 2005 work plan will proceed once final clearance on the guidelines is received.

Meeting Targets: PDAP achieved two significant results this period, reflecting activities initiated at the beginning of 2004. Per the contract, PDAP had to achieve the target of 2,700 hectares of coca voluntarily eradicated and submit to PETT for titling a minimum of 4,300 titles in the Aguaytia region. In both cases, these targets were achieved. While clearly they are only steps in the longer term process of ensuring sustainable eradication, they also reflect progress in this process. They also reflect a lot of hard work, dedication and commitment on the part of the USAID AD team, DEVIDA and PDAP, and we are proud of the work we have been able to accomplish together.

Overall, this reporting quarter can be viewed as one of significant progress and change. Key highlights include the following:

Socialization (CLIN 2): A total of 957 hectares of coca were voluntarily eradicated this quarter, for a cumulative total for calendar year 2004 of 2,732 hectares. Through a combined and continuous effort of USAID, DEVIDA, NAS and particularly CADA, PDAP was able to slightly exceed the 2,700 hectare annual target set by the contract for the 2004 calendar year. Work also continued in refining a revised intervention strategy for promoting voluntary eradication, based on USAID, DEVIDA and PDAP's

experience to date, lessons learned, and budgetary considerations. The focus is multi-communal, seeking to maximize the development impact of any project-supported intervention. Pending diagnostic and verification of amounts of coca, coupled with development consideration, specific groups of communities forming a territorial unit will be selected for 2005 focus. Discussions with NAS and CADA to define a more feasible coca measurement approach will be examined during the first quarter of 2005.

Elements of the New Intervention Strategy

- CADA measuring all of the coca in the target area (coca barrer)
- Promoting multi-communal (unidad territorial) projects that could be on large infrastructure or productive projects or a series of smaller projects. The average cost per hectare of coca to be eradicated would be in the range of \$3,000.
- Conducting initial meetings with municipal authorities to ensure their support for PDAPP activities and linking activities to municipal development plans.
- Clear parameters regarding start and finish dates for agreed to activities, accompanied by consistent supervision and communications initiatives to maximize knowledge of the ongoing activities and status.

Implementation of Community Programs (CLIN 2): The main focus during the quarter continued to be the delivery of the agreed-to projects contained in the signed Convenio Marcos. In this regard:

- **Infrastructure.** PDAP initiated 43 infrastructure projects in compliance with the terms of the Convenios Marco signed with the communities. In addition, 28 projects were completed and delivered to the communities. Out of a total of 564 projects associated with the Convenios Marco, 204 have been completed, 117 are underway and 243 are pending initiation. In addition, and as a direct consequence of the "concertacion" process, 23 projects were replaced by less expensive, more appropriate projects. Refined mechanisms were developed to streamline the contracting process, speed up implementation, and ensure rigorous supervision of the infrastructure projects. PDAP also completed a comprehensive overhaul of all data related to the infrastructure activities in design and execution in order to integrate this information into the CORVU Monitoring and Evaluation (M&E) platform.
- **Economic Service Centers (CSE/Productive Projects).** Implementation continued in 52 projects supporting 15 commodities, 80% of which are long term crops. These projects are supporting a total of 29,229 hectares of crops, directly benefiting more than 27,000 families. Currently, the CSE is negotiating subcontracts with 11 private sector firms to provide technical assistance and

supplies for production and marketing support for cacao, coffee, banana and pasture crops. Pending negotiation are subcontracts with firms to support activities in cotton, palm and corn. This technical assistance will provide production and maintenance support for a total of 27,788 hectares during the next three years. Of note, the participating firms need to provide their own funds to cover some of the costs. To date, this is estimated at 2.7 million soles.

- **Natural Resources.** The principal focus this period has been on implementing projects supporting the sustainable management and extraction of forest resources in the Aguaytia and Tocache region. To date, five large forest areas have been identified for assistance, two in Aguaytia and three in Tocache. During the quarter, environmental activities in the four intervention areas benefited 274 families and created 950 jobs.

Implementation of Cross-Cutting Initiatives: Activities in this area cover land titling and environmental compliance and respond to both CLIN 2 and CLIN 4 (Situational Response).

- **Land Titling:** PDAP undertook the necessary transactions with INRENA to sign an inter-institutional cooperation agreement as a means of validating the land classification reports and to exclude any potential titles that conflicted with the Permanent Production Forests. Boundaries for 2,043 lots were mapped this quarter, using GPS precision technology in 36 communities. 2,558 pre-registration files were completed for processing. By December 31, 2004, a total of 5,028 titles were submitted to PETT for action, significantly exceeding the annual target of 4,300 titles.
- **Environmental Compliance:** Key activities conducted this quarter centered on educating staff and implementing the provisions of the Programmatic Environmental Assessment (PEA) for the Sustainable Reduction of Illicit Coca Crops through Alternative Development in Target Areas of Peru. A total of 115 projects were inspected and initiated with approved PEAs and 50 Environmental Impact Assessments were conducted.

Communications (CLIN 3): Regional communication plans were developed and are in the process of being implemented in Tingo María, Tocache, Aguaytía and the VRAE. Regional Technical Committees for Communications (with the active participation of DEVIDA, CEDRO and other partners and associates) are now in place and operating in Tingo María, Tocache, Aguaytía and the VRAE. PDAP has identified and formed an incipient network of 271 communication promoters in roughly 150 signatory communities. These promoters will play a key role in carrying out the tasks being developed as part of a strategically important community communications program and platform. This platform is being designed collaboratively with USAID and DEVIDA and will be fully operational during the first quarter of 2005. The Journalist Networks in the Amazon now has a new structure that provides a greater degree of autonomy and responsibility, as formalized during the II Regional Network Meeting (held in Tarapoto in October 2004). PDAP now has a bank of digital photographs and video images on PDAP's main activities the four target regions. The baseline for PDAP's Communication component has been developed to measure the impact of program interventions at the community level and to measure public opinion through the end of PDAP in 2007. Finally, PDAP organized a successful advertising campaign targeted major supermarkets in Lima to brand products produced in the AD target areas.

Monitoring and Evaluation (CLIN 5): The PDAP M&E system is now fully operational, with databases containing information on infrastructure, productive projects, and socialization fully integrated into the central data base and processes in place to ensure their automatic and continuous updating. This has helped facilitate the development of a common "ficha" or report on each community participating in the PDAP program that accurately defines the current status of all

activities underway in the community. This in turn can be used by all implementers and community leaders to monitor the progress of the activities and to respond, from a single source of information, to all issues, complaints, observations while capturing the impact and ongoing compliance of PDAP's goals and objectives.

Program Management: Subcontracts: During this quarter, the project signed 57 sub-contracts, 16 work orders and 15 grant agreements. Personnel: Jairo López, a former TCN employee for a sub-contractor, became Manager of the M&E System in October 2004. The Central Office in Lima had a net reduction of one long term staff member during the quarter (4 people left, while 3 started) and there is currently an opening for a long term staff member in Aguaytía due to a departure. There was a net reduction of 14 short term employees in the Central Office in Lima during this quarter. Security: A variety of factors served as both impediments and opportunities for PDAP implementation this quarter. Cocalero activities included the organization of major meetings in Tingo María and the VRAE with several direct references to PDAP. The Government of Peru (GoP) conducted interdiction measures in the VRAE, spurring coca-growers to meet and demand the withdrawal of all of the NGOs operating in the valley, including PDAP (withdrawal did not happen). Overall, only the Aguaytía and the VRAE offices were closed due to security concerns this reporting period, for a total of 3 days.

Key lessons learned this quarter:

- The community negotiation process demonstrated that the communities are not only open to suggestions and changes in their priority programs but have good ideas on how to maximize the program's impact. This reinforces the need for PDAP to be constantly present and monitoring the activities in the field and providing mechanisms for feedback.
- In spite of the delays in PDAP implementation, the communities continue to believe and have confidence in the program, that it is providing the basic infrastructure and long-term economic alternatives to improve the standard of living of their families. In general, the participating communities are very committed to entering and remaining in a licit economy. This renews PDAP's commitment to ensure we comply with all pending activities in the Convenios Marco and initiate new activities in new areas in 2005.
- The volume and number of social and economic infrastructure projects that have been implemented by the program have generated an estimated 11,000 temporary jobs. More importantly, it is creating access to education, health, potable water, sewerage services as well as markets, and demonstrating the presence of the government and the private sector in previously under-served areas. The benefits generated by the projects, while having a direct impact on the participating communities, are also having an indirect impact on the nearby communities—the spill-over effect. This is helping to change attitudes and behaviors.
- The payment of the “bono” is serving as an immediate injection of cash into the local economy, which has permitted beneficiaries to enroll and buy supplies for their children to attend school, to invest in short term income generation activities (livestock, fish production, agricultural production, among others), or to relocate to other areas with more economic opportunities.
- PDAP is highly visible and highly political. In 2003 and 2004 it was under significant pressure to show results (understood to be number of hectares voluntarily eradicated). As a result, initial activities focused on getting communities to voluntarily eradicate their coca. Less attention was given to ensure PDAP had in place the structure to design, implement, monitor, and follow-up the commitments made. Some could say PDAP chased the eradication target rather than the

sustainability target. This has changed. However, because PDAP was so successful in generating the voluntary eradication target, there is a huge back-log of projects still to be implemented. The pressure to deliver the priority projects has tapped the supervisory skills of the PDAP management team, limiting their ability to closely track the content and cost of the commitments. This backlog was compounded by civil unrest which prevented the PDAP team from being able to work continuously in the target regions. During the concertacion process, the impact of this backlog could be seen time and again—some communities had eradicated 100% of their coca over a year ago and had not received any assistance nor been visited to inform them of the delay and the reasons thereof. The concertacion process also highlighted the need for greater supervision of operators and teams in the field, and greater field presence in general, particularly in the case of technical assistance for productive projects. Activities in 2005 will need to take into consideration this requirement for a larger field presence, at least initially, to ensure programs are implemented in a timely, quality and effective manner and within the proposed design and budgetary parameters.

- The original decision to focus on individual communities, while understandable, also resulted in an approach that responded only to the development needs of the respective community, not at the broader context surrounding that community and its longer-term development opportunities. Achieving the objective of “sustained reduction in illicit coca production” requires that communities have sustainable licit economic options – which is not possible on an individual community basis and requires a broader geographic focus. This has resulted in the design of the multi-communal, territorial unit approach. Although it has yet to be field tested, PDAP believes this broader geographic focus will also bring cost economies in the provision of technical services and infrastructure development.
- Working with a broader geographic area requires considerable emphasis on the socialization process.
 - It is more than just explaining “why” and the “benefits” to target groups
 - It is a process that allows individuals/families/communities to express priorities, but also for local leaders and government officials to put those priorities together as part of decision making processes
 - It is not easy but, when done correctly, socialization can generate an understanding of the broader perspective and the potential for sustainable benefits, leading to commitment from communities to participate, not just individually but as part of a group that, as a group, will benefit from program activities.
 - This “broader perspective” concept is consistent with the position that the solution to the illicit coca production process isn’t necessarily at the point of production (i.e., at the community level) but may be at a totally different location or, at a minimum, require that solutions be assessed on a multi-community basis (i.e., somehow closely related to each other, such as being in the same watershed or valley, along a road, in peri-urban areas, etc.).

Overall, the multi-community approach represents a major shift in approach for PDAP. Experience suggests it is the right approach. Experience also suggests that the “concertación” process is critical and needs to be used in bringing communities together to discuss priorities. The process also needs to involve local leadership such as government officials.

CHAPTER I: Context and Challenges

A. Introduction

The Peru Participatory Alternative Development (PDAP) program is a complex, multi-faceted, multidisciplinary, highly political and geographically dispersed project. To maximize program effectiveness, PDAP continuously monitors the context and the environment in which it is operating, making every effort to anticipate the challenges and issues that could affect program implementation. This is particularly true in the case of security; the safety of all partners and staff working in the four regions is paramount. In this regard, PDAP continuously monitors the political, economic, social and security situation in PDAP intervention areas, identifies and defines strategies to mitigate high risk events that could potentially affect regional activities; provides weekly reports on the political and social situation of the area and provides security training to all staff to ensure they are vigilant regarding their own safety and that of the others working with them. This information also helps PDAP decision making on where activities should be implemented and what mitigating actions should be taken to reduce security concern as they relate to program implementation. The next few paragraphs highlight the key contextual issues that were taken into consideration during the October – December 2004 time period and their impact, if any, on program implementation..

Office Closures 2004				
Regional Office	Start	Finish	Reason	Nº of days
Aguaytia	16 February	23 February	National Coca Congress	8
	16 March	19 March	Strike	4
	16 April	02 June	National Coca-grower's Strike	48
	09 July	16 July	National Agrarian Strike	8
	04 November	04 November	Demonstration near Office	1
	Total Aguaytia			69 days
Tingo María	16 February	22 February	National Coca Congress	7
	19 April	25 April	National Strike	7
	16 May	31 May	National Strike	16
	06 July	07 July	Coca-growers march	2
	10 July	14 July	National Agrarian Strike	5
	Total Tingo María			37 days
Tocache	15 February	22 February	National Coca Congress	8
	17 April	25 April	National Strike	9
	15 May	31 May	National Strike	17
	09 July	14 July	National Strike	6
	Total Tocache			40 days
VRAE	27 May	02 June	Threat against office	7
	10 June	15 June	Agrarian Strike	6
	3 December	6 December	FEPEVRAE meeting	2
	Total VRAE			15 days
Total				161 days

B. General Socio-Political Framework during the Quarter

Overall, the political situation and context in the PDAP target regions this quarter can be rated as volatile. However, and as indicated in the above table, only Aguaytia and the VRAE offices were actually closed due to security concerns this reporting period. Coca-growers' organizations stepped up their activities during this period, and maintained a much higher profile than exhibited during the previous quarter. Activities included the organization of major meetings in Tingo María and the VRAE with several direct references to PDAP and its activities. The Government of Peru (GoP) conducted interdiction measures in the VRAE, spurring coca-growers to meet and demand the withdrawal of all of the NGOs operating in the valley, including PDAP.

On the other hand, PDAP, working closely with DEVIDA, conducted field visits to a large number of problematic communities, including those where, for a variety of reasons, key projects needed to be changed or clarified. This activity, called "concertacion" or community negotiations, has resulted in a strong and, overall, well-received presence of PDAP in the region. It has also helped diminish many of the complaints regarding PDAP and its activities in the field. Finally, it has helped facilitate an improved relationship of trust between the communities signing the Convenio Marco and DEVIDA.



A mayor in Juanjui who was quite favorable towards the program was murdered. While very unfortunate, all indications are that the murder was due to political infighting rather than any direct or indirect linkage to the mayor's support for coca eradication.

C. Situational Analysis of the Target Coca Valleys

C1. Aguaytia

A one-day strike was called in Aguaytia which resulted in a small group of protesters congregating around the offices and pelting it with various items, including rotten pineapples. No physical damage to the offices or the premises occurred. Due to preventive security measures, the office had been closed and all staff, with the exception of the security staff, worked from their respective homes.

A proclamation signed by the Provincial Mayor of Aguaytia, Mr. Luis Maguiña Paredes, together with other district and town mayors, regarding the lack of DEVIDA/PDAP compliance with the terms of the convenios marco, prompted the organization of a series of

meetings held between local authorities and PDAP's technical staff. As a result of these meetings, it was agreed to define a definitive work plan and time schedule to conclude all pending projects in the valley as well as define a mechanism whereby the local authorities could be kept informed of progress and any issues impacting the completion of the projects.

Similarly, the mayor of Irazola sent a team to Lima to meet with PDAP, DEVIDA and USAID staff to discuss the completion of the pending projects in that district. The outcome of the meeting was an agreement containing a definitive work plan and time schedule to conclude all pending projects in this district.

The communities of Shambillo, represented by the Shambillo Valley Development Committee, a self-proclaimed defender of the Convenio Marco, initially prohibited PDAP staff from entering the area. During the "concertacion" process, agreement was reached to continue discussing means to conclude the pending projects. (See picture of Concertacion team in action in the Shambillo area.) It is important to note the Shambillo region was one of the first regions where PDAP initiated activities. At the time, there were few limits on what was offered to the communities. In many instances, communities received 6-8 projects versus the average of 2 now being offered. High expectations and some deviations to the terms of the signed Convenios Marco have created a very fluid situation. Given this situation, USAID, PDAP and DEVIDA are developing specific guidelines and strategies to guide any negotiations with this group of communities. The visit to the communities, adhering to the guidelines, will be conducted in early January 2005.

C2. Tocache

A claim made by inhabitants of the district of Chontayaquillo alleging the intoxication of some of the local inhabitants following spraying of coca plants by government forces generated a new misinformation campaign against alternative development initiatives in general. Although thorough investigations by a variety of sources subsequently demonstrated the complete lack of proof for such an accusation, it continues to appear in statements made by coca leaders.



Mr. Signior Di Borgo Pérez
Mayor of Juanjui



The Mayor's Funeral Procession

The political sector was affected by the murder of the Mayor of Juanjui, Mr. Signior Pozzo Di Borgo Pérez. According to investigations, it was orchestrated by people of his own political entourage (Mayor's Office) who contracted mercenaries to kill him. While some

initial reports indicated a potential link between the murder and narcotraffickers, in the end there was no proof to substantiate such a claim.

While there was some indication that the Sendero Luminoso (SL) was gaining strength in the region, particularly in the display of graffiti with SL leanings in several districts, it is widely believed these markings are the work of individuals who are unrelated to SL.

One incident which PDAP is continuing to investigate is an initiative to intimidate a boat driver currently working for the project. A group of individuals, who introduced themselves as members of the MRTA terrorist organization, approached the driver demanding that he stop working for the project. It is not clear if this in fact happened or it was an excuse used by the driver to justify leaving for another job. In any case, the driver is no longer working for the project. There are some indications that the MRTA activity is returning in the area of Mariscal Cáceres.

C3. VRAE

A key event in the VRAE this quarter was the interdiction operation conducted by the GoP on November 16, 2004 in the Pichari, Sivia and Llochegua areas. A total of 94 maceration pits were destroyed and 11,500 kg of dry coca leaves and 165,700 kg of macerating coca leaves confiscated. A few individuals connected to drug trafficking were also arrested. This action resulted in several organized demonstrations against the GoP and alternative development activities in general.

The mayor of Llochegua, Mr. Vicente Kitazono, together with the FEPAVRAE leadership, announced their opposition to DEVIDA and PDAP and asked them to withdraw from the valley. FEPAVRAE and other organization opposing the eradication of coca organized a general demonstration and meeting on December 5, 2004, attended by approximately 2,500 people. One of the agreements reached during the meeting was to give all NGOs working in the valley, including PDAP, a maximum period of 15 days to withdraw. While PDAP, for precautionary measures, closed the operations of both the regional office and the CSE during this event, no further actions were taken and both offices continue to operate in the Valley. It is clear that while there is support for FEPAVRAE and its pronouncements in the region, there is also a leadership struggle underway among its directors, particularly between Mr. David Chevarria, Under-Secretary of the FEPAVRAE, and Mr. Alejandro Gutiérrez Escajadillo, Secretary General of the FEPAVRAE.



Demonstrations held in San Francisco- Ayacucho

There are also indications that SL is increasing its activities in the region, particularly in the dissemination of key information among the general population and in the promotion of terrorist practices in the schools. This was evidenced in Remolino Canapé, Matucana, Corazonpata and in Mayapo in the district of Llochegua. SL is continuously around the Putos and Mashahuasca areas in the Province of Huanta, leaving behind terrorist propaganda and markings.

C4. Tingo María

A forum was organized in Tingo María by CONPACC, calling together coca-grower representatives from the Padre Abad, Tocache and VRAE regions. During this Forum, CONPACC's 2005 program in support of coca growers was approved. A notable group who was absent from the Forum was the Monzón coca-growers' Association, who had announced the organization of their own demonstration. Fortunately this latter event was averted due to the arrival of a team of top level officials from the GoP who, through the course of several meetings, were able to dissuade the group from taking radical measures.

Subversive propaganda continued to appear in a number of communities in the valley, particularly during the time when Abimael Guzmán Reynoso, the captured leader of SL, was set to be put on trial in Lima. Subsequent investigations however proved these tactics were the work of individuals unrelated to SL, whose main motivations were to create a climate of intimidation and insecurity among the local inhabitants.

The National Police Force continued operations to counteract narcotics trafficking. On November 9, the PNP managed to confiscate 2,610 kg of PBC (cocaine paste) as well as chemical substances used for processing. In addition, two maceration pits located in a dwelling in the village of Jaupar in the district of Chinchao were destroyed.

D. Lessons learned and Recommendations

In the light of the upcoming presidential elections scheduled to take place in early 2006, it is expected that a number of sectors will embark on political campaigns that will have no qualms about the methods used to attract voters. This may result in political leaders questioning, even making attacks against PDAP and its activities.

Based on past experiences related to coca growing activities, it is important to continuously ensure PDAP is present in the target regions and that it is complying with the terms of the Convenios Marco to the maximum extent possible. Continuous community communication on the status of the pending projects is needed. PDAP is working aggressively to address these issues in its 2005 work plan. Other actions recommended include:

- Establish an Action Plan for each regional office based on a structure of short-term objectives in order to fulfill the agreements.

- Focus on the Shambillo Valley in Padre Abad to minimize the influence the “Development Committee” self-proclaimed to be the defender of the Frame Agreement. Failure to do so would set a negative precedent affecting PDAP’s future actions in the area.
- Focus on ensuring that the Central Government maintains a firm stand with respect to the continuity of PDAP-related institutions in the VRAE; failure to do so would create a climate of total insecurity and would set a bad precedent.
- Reinforce PDAP’s presence in the Tingo María Valley as it this is one of the main socio-political areas of influence of the cocalero leadership.
- Ensure regional coordinators visit the communities to ensure they can be responsive to issues and opportunities as they develop. These visits should be supported by a community communication initiative.

CHAPTER II: Socialization

A. Introduction

Socialization is the first step in the voluntary eradication process. It consists of the following key tasks:

1. Presenting the scope of the PDAP program to authorities and communities who have officially indicated their interest in participating in the voluntary eradication activity.
2. Coordinating with CADA with measurement and verification of the number of hectares of coca present in the participating community and the subsequent eradication of the hectares.
3. Working in close coordination with the technical team, facilitating the definition of priority projects to be included in the Convenio Marco signed with the Community.
4. Monitoring both PDAP's and the community's compliance with the terms of the Convenio Marco. In the case of PDAP, this includes providing community feedback on the planning, execution and follow-up of the defined activities; in the case of the community, this includes ensuring they are eradicating their coca according to the defined schedule. Socialization should play the role of the eyes and ears of the program, providing critical information and alerts as appropriate.



The main focus of socialization activities this quarter centered on monitoring the reduction of the hectares of coca as stipulated in the Convenios Marco; organizing and conducting community negotiations; and in defining, in close concert with USAID, DEVIDA and the regional offices, the communities to be targeted in 2005. The following summarizes the actions taken in regard to each activity.

B. Progress made during the Quarter

B1. Voluntary eradication statistics

During this quarter, a total of 957 hectares of coca was voluntarily eradicated. Cumulatively, PDAP encouraged the voluntary eradication of a total of **2,732** hectares in calendar year (CY) 2004, slightly surpassing the contract specified target of 2,700 hectares. This was seen as a significant accomplishment given the challenges faced this year and all parties—USAID, DEVIDA and PDAP should be proud of this achievement.

Approximately 150 communities were visited and 47 work sessions conducted with local authorities and community leaders to ensure the participating communities complied with the terms of the Convenios Marco, specifically the voluntary eradication of their identified coca. A total of 32 new communities were visited to initiate their involvement in PDAP, resulting in the receipt of 27 letters to CADA to begin the coca measurement and verification process. Initial identification of new communities that would be the focus of attention in 2005, using the multi-communal or territorial unit concept, was done in coordination with the Regional Office and Economic Service Center (ESC) directors. An initial list of 156 communities was prepared. These communities will now be analyzed to define what type of interventions will best meet the development needs of the participating communities while promoting sustainable coca eradication. Table 1 summarizes the key results for this quarter in Socialization.

Table 1: Summary of Socialization Results, October-December, 2004

Activity Carried Out	Objective Achieved
No. of hectares of coca voluntarily eradicated:	957
No. of work sessions held with local authorities:	47
No. of communities requesting CADA visit:	32
No. of letter received requesting CADA visit:	27
No. of communities measured for new intervention strategy:	24
No. of hectares of coca measured in new communities	311
No. of communities preliminarily identified for intervention in 2005:	156

B2. Community Negotiation (Concertacion) Process

In the process of finalizing the action plan to implement the pending priority projects in the 372 signatory communities, it became evident that visits to a target group of communities were necessary to confirm, clarify or change the priority projects as defined in the Convenio Marco. The reasons for the specific visits were varied and included the following:

- To clarify and regularize the commitments made in the Convenios Marco and to ensure all parties involved have the same expectations.
- To re-prioritize and/or change projects that were found to be not feasible for a variety of reasons, including:
 - High cost with low social impact
 - Structurally inappropriate projects (potable water systems in communities lacking proper water source, construction of health posts or schools lacking appropriate Ministry clearance, etc.)
 - Environmental restrictions (can not build new roads or roads which are too close to designated forestry areas, etc.)
 - Not eligible for funding per USAID restrictions funds (these include short term/subsistence productive projects such as small livestock breeding)
- To re-prioritize projects whose changes had been solicited by the community and local authorities.

- To validate the final beneficiary list (padrón) for productive projects.
- To clarify the timetable for initiation of all pending activities.

A total of 180 communities (out of 372 or 48%) in the four target regions were identified to be visited. A large number of these communities, 122 out of 180 or 68%, are in Aguaytia, consistent with the fact that initial program activities were targeted to this region. The visits, called “concertacion,” were initiated in early December with good results as reflected in Table 2 below. A team composed of technical staff from the Lima Central Office, working closely with their counterparts in the PDAP and DEVIDA regional offices and in the respective Centers for Economic Services (CSEs), traveled to the targeted communities. In some cases, due to the complexity or tensions associated with the proposed changes, initial meetings were held with the regional and/or municipal authorities and community leaders. In all cases, open meetings were held with the community residents to ensure a transparent process and to maximize everyone’s knowledge of the status of pending or reformulated activities, timetable and next steps. Any and all changes made were documented in an Addendum duly signed by the Community and DEVIDA.

In December, a total of 130 communities were reached, resulting in the reformulation or clarification of a total of 23 projects. This also resulted in a reduction in the overall cost to comply with the R372 commitments by an estimated \$5.2 million, a reduction very much needed given current budget realities and the need to focus on sustainable eradication targets.

Table 2: Results of the Concertacion

Valley	Total No. Communities targeted for Negotiation	No. of Communities Negotiated	Communities Pending Negotiations	Communities Rejecting Negotiation
Total PDAP	180	130	49	1
Aguaytia	122	82	39	1
Tocache	13	11	2	0
Tingo Maria	40	37	3	0
VRAE	5	0	5	0

The visits to the communities also provided an opportunity to review and adjust key elements of PDAP’s programming. Information gathered included:

- Compiling community and local authority feedback on the services being delivered by PDAP.
- Reviewing concluded activities to determine impact and issues impacting their sustainability and next steps.

- Identifying other programs which could be tapped to leverage PDAP resources and to maximize activity impact.
- Adjusting current implementation methodology, in particular the need to put in place a greater supervisory capacity of ongoing activities.
- Adjusting the socialization strategy to ensure a clear, consistent message is being delivered and to develop a timetable to guarantee frequent visits to the communities to demonstrate program presence and follow-up.

It also provided an opportunity to:

- Promote and strengthen the participation of the community in the actual delivery of the identified programs, making them owners of the process. Once given the opportunity, it was refreshing to see the active participation of the community members and the local authorities in analyzing options and developing viable solutions to the issues being



addressed during the “concertacion” process. This also helped to reconfirm the transparent and participatory objectives of the socialization process.

- Identify and secure the commitment of local authorities to co-finance the implementation of some infrastructure projects. Clearly, the communities are more apt to support and ensure the sustainability of the key projects if they have to put in their own resources, even if it is a

token of the total investment required. Based on the reaction, co-investment will become an integral element of any new agreements with new communities.

- Reinforce and, in some cases regain, the credibility and confidence of the communities towards DEVIDA and PDAP.

The remaining communities will be visited in January 2005. It is anticipated the team will need a specific strategy for the Shambillo area in Aguaytia given the number of commitments originally made in this area.

B3. Control Program

As part of PDAP’s effort to ensure that participating communities remain “coca free” and to identify any previously non-declared coca (due to original coca measurement procedure whereby CADA only measured those coca fields identified by the community), 143 communities (49%) were visited. Of these, 97 communities were identified with having 916 additional hectares of non-declared coca. After a sensitization process with the

communities, they agreed to voluntarily eradicate these additional hectares; the only cost to PDAP was the payment of the bonos. Of the total 372 communities currently participating in PDAP, 297 are now classified as coca-free. A total of 78 still require some action to reduce their coca to zero and of these, 21 communities have opted to resign from PDAP rather than comply with the coca eradication target. All of these communities are located in the VRAE. This “zero-coca control” or repaso activity is critical in ensuring PDAP achieves and maintains its voluntary eradication targets; it is also important that this monitoring takes place on a continuous basis throughout the course of the program. Tables 3 and 4 summarize the achievements this quarter.

Table 3:

Results of “Zero-Coca Control” Program	Objective Achieved
No. of communities visited:	143
No. of communities in which additional coca was identified:	97
No. of hectares identified and reduced:	916
No. of families with non-declared coca crops	612
No. of communities declared coca free	297

Table 4: Status of PDAP Communities

Status of the Communities	Aguaytia	Tingo Maria	Tocache	VRAE	Total
With Convenio Marco	148	56	82	89	375
Coca-free*	121	37	77	62	297
Reduction to zero still pending*	27	19	5	27	78
Visited to promote reduction	27	19	5	6	57
Committed to reduction	13	0	4	6	23
In process of reduction negotiation	11	2	0	0	13
Refuse to reduce to zero	3	17	1	21	42

* In relation to hectares measured by CADA

C. Lessons Learned

The following lessons have been identified this quarter and will be taken into consideration in future activities and programming.

- In many instances, the community’s perceive PDAP as the only program able and responsible for solving all of their problems. PDAP is addressing this two-fold. One, it is developing tools whereby facilitators can more effectively communicate exactly what the program can and cannot do, and what is their role, and that of other institutions, in ensuring their long term development. Second, PDAP is developing an institutional strengthening program to work with such organizations to help them meet the myriad of ongoing needs and demands of the communities, while also ensuring their can monitor and maintain those projects delivered by PDAP.
- Non-execution of some of the priority works and activities due to environmental and technical reasons affected the locals’ feelings of trust regarding the program, and in some cases led them to reject the presence of field facilitators. This was one of the main

reasons for the concentrated “concertacion” program which has gone a long way to address both the need to change or clarify projects originally agreed to in the Convenios Marco and to regain the credibility of the program and the trust of the participating communities. It is also clear that the direct “face-to-face” contact with the communities is the best form of handling communities’ complaints as well as to provide appropriate explanations of project progress.

- The CADA sweep or “barrer” measurement method to quantify the amount of coca in the participating communities is taking longer than originally contemplated. PDAP, working closely with USAID, DEVIDA, NAS and CADA will determine if there are alternative, equally effective ways to accurately measure coca crops while also taking into consideration terrain and time factors. One option under review is to do more forecasting using satellite images of the target regions to generate an initial reliable measure that can be used in the signature of the convenios and that CADA would only come in and, using the “barrer” method, measure and verify after the community has concluded the voluntary eradication process.
- Lack of political decision on the part of the government to enforce the fifth article, numeral 8 of the Convenio Marco (programmed reduction) in communities failing to comply with the Convenio Marco.
- Slow delivery of programs prioritized in the Convenios Marco, particularly in those communities that have complied with the voluntary reduction target, is impacting program credibility. Every effort will be made to speed up program implementation while ensuring those activities delivered are done so in a coordinated and effective manner. However, it is also clear, particularly after the concertacion process, that community participation in PDAP is growing.
- Visits to the communities by Lima’s management team allowed for a better and more direct understanding of the program’s advancement. In the future, each technical manager will ensure direct supervisory visits are conducted each quarter.
- The presence of DEVIDA at the meetings with the communities reinforces its institutional participation.

Community Initiative

During the socialization process, the community of Nuevo Chimbote requested assistance in a livestock activity. Although they were disappointed when advised the project could not support this type of activity, they continued to participate. Thus it was with some surprise, during a follow-up visit to the community, grazing livestock was noted. When asked, the community indicated they had voted to use the funds earned from the bonos paid as a result of the voluntary eradication to purchase the livestock.

D. Activities planned for next Quarter

The activities planned for the next quarter include the following:

- Follow-up of Community Negotiations agreements (165 communities)
- Control visits to ensure that communities are kept coca-free (237 communities)

- Promote the reduction of remnant coca crops (177 hectares)
- Coordinate with CADA for the measurement of coca crops in 11 Territorial Units
- Obtain letters from 85 communities for the measurement of coca crops
- Promote the signing of 46 Convenios Marco
- Reduce 686 hectares of coca crops
- Identify and solve social problems at community level
- Hold 231 information meetings in communities to publicize PDAP advances
- Promote 12 information meetings with the same number of provincial and district-level municipalities

CHAPTER III: Implementation of Community Projects

A. Infrastructure

The objective of the infrastructure component is to provide communities that have signed voluntary coca crop reduction agreements with DEVIDA the priority economic and social infrastructure projects defined in the agreements. These projects seek to:

- Improve the communities' standard and quality of living.
- Create employment through the participation of local consulting and construction companies in the design, evaluation, execution and supervision of projects;
- Create temporary employment for labor in the execution of the works.
- Strengthen the institutional capacity of municipal authorities and private sector companies providing services under PDAP.

Community participation and commitment

77 families in the community of Margarita, located in the district of Hermilio Valdizan, signed a Convenio Marco with DEVIDA on September 14, 2003. While the community prioritized the rehabilitation of a local road and assistance in the installation and maintenance of an estimated 100 hectares of coffee, the bonos paid for eradicating their coca was used to purchase electrical wires and a generator to ensure the community had electricity. The community has taken charge of its own development and standard of living.

A1. Progress made during the Quarter

Infrastructure activities are developed and implemented in accordance with the following process:

- Preparation and follow-up of technical specifications
- Preparation of environmental assessments and determinations
- Construction of project
- Supervision of project
- Transfer of works to competent authorities, as required

The following table describes the number of infrastructure projects at each stage of the project cycle, by target region.

Table 1: Implementation Stage by Region

Infrastructure Project Cycle	Aguaytía	Tingo María	Tocache	VRAE	Total
Pre-implementation	85	5	20	4	114
In design phase	4	4	5	1	14
In evaluation phase	72	4	9	6	91
Approved/ready for contract award	15	4	2	3	24
In implementation	64	10	13	19	106
Temporarily stopped	0	6	1	2	9
Completed	72	40	53	41	206
TOTAL	312	73	103	76	564

This universe of 564 works includes projects in education, health, water, among others. Table 2 presents a breakdown by project type and details the number of projects in each of three stages of implementation: pending execution, under execution, and completed.

Table 2: Summary: Project Stage by Project Type

CLASSIFICATION	PROJECT TYPE	WORKS PENDING EXECUTION	WORKS UNDER EXECUTION	WORKS COMPLETED
Educational Infrastructure	Building of classrooms/schools	53	28	49
	Refurbishment of classrooms/schools	6	5	9
Community Infrastructure	Construction for multiple use premises	25	41	52
	Community Infrastructure	19	4	13
Water and Sewage	Construction of sewage system	8	3	1
	Construction of potable water system	45	10	30
Health Infrastructure	Construction of Medical Outposts	8	4	3
	Refurbishment of Medical Outposts	4	0	1
Rural Roads	Refurbishment of rural roads	51	12	19
	Construction of bridges	17	5	12
Economic Infrastructure	Construction of Production Infrastructure	0	1	6
	Construction of Irrigation Canals	1	2	0
Electrification	Construction of Electrification Systems	6	1	8
Other infrastructure	Construction of River Bank Defense System	0	1	1
TOTAL	564	243	117	204

It is important to note that during this quarter, PDAP has met nearly 100% of its commitments in the VRAE region. Of the 51 projects located in communities which have not rejected the program and are complying with voluntary eradication targets, all but three are under execution. The three remaining projects are expected to be signed in early 2005, at which time project implementation will begin.

In addition, PDAP has begun to implement a series of measures which are expected to increase productivity and successfully address many problems identified in past quarters. Among the more important aspects of this re-engineering process are:

- Change in regional office staffing
- New organization at Lima office
- Re-design of key processes
- Design of new IQS (Indefinite quantity subcontract) underway
- Upgrade of infrastructure database (contained within the PDAP's M&E system)

It is also important to note the volume and numbers of social and economic infrastructure projects that have been implemented by PDAP have generated an estimated 11,000 temporary jobs to date. More importantly, it is creating access to education, health, potable water, and sewage services as well as basic economic and social infrastructure such as roads, community centers and distribution centers. Most



importantly, it is demonstrating the presence of the government and the private sector in previously under-served areas. The benefits generated by the priority projects in the participating communities is also having an indirect impact on the nearby communities—the spill-over effect. This is helping to change attitudes and behaviors.

A2. Lessons learned

The following lessons were learned or reinforced during this reporting period and are being taken into consideration for future activities:

General

- Every new procedure or process to be implemented must be accompanied by the necessary training and monitoring from the technical team to ensure it is correctly executed.
- The decentralization of key processes to the Regional Offices has resulted in efficiencies and increased quality. It is important to continue fine-tuning these mechanisms and their timing, specifically in regard to clearly defining the roles and responsibilities of the technical staff in the regional offices. This will ensure clarity on functions and expectations, thereby improving the effectiveness and quality of the projects.

Community Co-investment

The community of Jorge Basadre prioritized the construction of a community center in their convenio marco. The technical specifications of the project did not include the construction of the longer walkways which would improve access to the center and its aesthetics. While the center was being built, the community organized a volunteer work force that, with the help of the project engineers, designed and built these walkways.

- Administrative processes such as account rendering in order to satisfy PDAP auditing and accounting procedures is a frequent source of execution delays. PDAP central office, working closely with the administrative staff in the regional offices is beginning to implement simplified contracting and administrative review mechanisms to reduce bottlenecks and implementation delays.

Adjudication

- Variations in the requirements for adjudications must be duly anticipated and taken into consideration when establishing a timetable with the recipient communities; otherwise it can cause problems with PDAP's ability to comply with the timetable defined in the Convenios Marco.
- Grouping projects into packages facilitates and expedites the adjudication process and allows for easier process tracking.

Supervision

- The capacity of regional office engineering staff to supervise effectively the number of projects under implementation is insufficient. PDAP is defining a second tier supervision platform to ensure continuous monitoring of the activities in the field is taking place.
- It is important to respond in a timely manner when subcontractors or implementers (particularly municipalities) are not complying with time period established in their respective contracts or agreements. Sanctions and penalties can be imposed on subcontractors, thereby providing incentives for timely performance. PDAP needs to define a similar mechanism to hold non-profit organizations, in particular municipalities, accountable to the agreed-to time table in their donation agreement.

- Environmental screenings should be initiated as soon as possible so as to not create unnecessary bottlenecks later in the project cycle. Without sacrificing completion in the work, evaluations should be conducted early in the project life.

Selection and Evaluation

- It is important to institutionalize a performance evaluation system and incorporate it into the process employed to recruit and select program implementers. The system also provides feedback to service providers and operators while helping PDAP make better-informed decisions regarding new contracting parameters.
- There are a limited number of private companies available to work in the zones of intervention as well as a reticence to accept projects in these zones given security concerns.
- It is important to ensure technical specifications are right from the beginning. When found deficient, their reformulation requires additional time as well as human and financial resources. Review of design specifications by subcontractors has been deficient, creating the need to review and modify the design further down the project cycle.
- Evaluate completed infrastructure projects to identify any deficiencies, lessons learned as well as steps necessary to ensure the sustainable use and management of the project.
- Construct a database of regional unit prices to facilitate the review of submitted project bids.
- Infrastructure specialists should be present during the initial negotiation with the communities to assure only viable projects are proposed and filtered by the community signing the Convenio Marco. This should minimize the number of prioritized community that are subsequently deemed technically or financially not feasible.

A3. Activities for next quarter

The activities for the upcoming quarter include:

- Fine-tune process management and adjust the time frames for critical processes such as evaluations, extensions, penalties, and resolutions of conflicts, among others.
- Create and implement a manual outlining the processes, roles and responsibilities of regional office technical staff in the development, implementation, supervision and transfer of infrastructure projects. This includes taking into consideration the different processes and procedures impacting projects implemented by private companies and by non-profit organizations, including municipalities.
- Train regional office personnel and key implementers in processes involving the design and execution of the infrastructure projects.
- Design a new contracting mechanism for PDAP to contract individuals to supervise infrastructure projects to enhance PDAP's ability to effectively supervise and ensure the quality and compliance of the infrastructure projects during implementation.

- Propose contractual alternatives to reduce the time periods and improve the quality of technical files.

B. Economic Service Centers

The main objective of the CSEs is to design and implement licit economic activities with a business vision and which encourage the direct participation and leadership of business entrepreneurs and private sector investors in coca-growing regions. The direct involvement of the Peruvian business community in coca producing regions is critical for the long term economic development of the target regions and surrounding influence areas. The PRA methodology, focusing on demand pulling supply and private sector participation, is the guiding principles for the CSEs. The CSEs are activity identifying business opportunities while also ensuring all environmental regulations, the optimal use of financial and natural resources and the available and future productive economic infrastructure are taken into consideration.

B1. Main activities during the Quarter

The key activities implemented during this reporting period included the following:

- Identifying and overseeing the purchase of technical inputs and materials in support of CSE activities, in particular fertilizers, seeds, hardware and related instruments.
- Providing technical assistance to associations who are tasked with delivering direct services to productive project beneficiaries.
- Preparing bidding procedures and documents for a public tender of private sector firms to assume the direct provision of technical assistance and supervision of and delivery of inputs and related materials to PDAP beneficiaries.
- Negotiating with eleven private sector firms and producer organizations to provide the technical assistance services in key crops and target areas. One of the terms of the contract is the co-investment on the part of the winning firm. To date, this co-investment is estimated at Soles\$ \$2.7 million (US\$831,615).
- Responding to information and meeting requests with entrepreneurs interested in investing and developing businesses in PDAP target areas.
- Organizing a meeting with CSE Coordinators both in Lima and in the regions to discuss CSEs new strategy and focus, material purchasing and supervision procedures, and monitoring and supervision requirements.
- Conducting supervisory visits to regional CSEs to ensure business focus is being successfully adopted in all CSE activities and to check on on-going and new projects.
- Updating the data base on each community productive project, confirming number of beneficiaries, status and type of support being delivered, and key issues and opportunities.

- Preparing and implementing a purchasing and delivery procedure to ensure that families participating in the productive projects receive the materials they require. Delivery must be scheduled according to the requirements of the agricultural calendar.
- Designing and initiating a project to support heart of palm and palm oil in Aguaytía.
- Organizing and staffing a joint PDAP/PRA booth at the **Región Exporta y Hecho a Mano Fair**, organized by ADEX in the installations of the Centro de Convenciones Jockey Plaza (Lima). The CSE's participation, in addition to staffing and organizing the joint booth, facilitated the presence of a group of leading farmers involved in the Program. Key outcomes at the Fair included:
 - exhibition of PDAP's main products
 - inform the public on PDAP activities and its business perspective
 - establish business contacts with private companies
- Conducting work meetings with Rural Savings Banks to assess the progress made and constraints identified as a result of using the DCA and the Trust; with the aim of using these tools to encourage businesses, improve credit-culture and attract investors.
- Participating in the Community Negotiations Process in Aguaytía, Tingo María and Tocache, specifically to update the communities on the status of their priority productive projects, to clarify the number of hectares to be supported under the program, and to respond to any other questions or issues as they arose during the concertation process.

B2. Summary of status of activities to date

CSE's support to the productive projects prioritized in the Convenios Marco can be classified into two main types of assistance:

1. Provision of inputs and payment of wages (jornales) as defined under a grant agreement.
2. Provision of technical assistance in the installation and maintenance and marketing of targeted crops and in the linking of producers to new markets for their products. This is now being supported through subcontracts with private sector firms.

In the case of the first form of assistance, the CSEs have been managing a total of 52 grants agreements signed with 35 partners, including associations, producer companies and NGO's. Out of this total, 14 were fully complied with during this reporting period, for a cumulative total of 36 agreement concluded to date. It is anticipated the remaining 16 agreements will be fully complied with during the next quarter, i.e., by the end of March 2005. Table 1 summarizes the status of these agreements.

Table 1: Summary of Status of Agreements for Productive Projects

Region	Concluded		In Progress		Total
	This Quarter	Cumulative	This Quarter	Cumulative	
Aguaytia	1	11	2	4	15
Tingo Maria	3	9	0	4	13
Tocache	1	1	0	3	4
VRAE	9	15	0	5	20
TOTAL	14	36	2	16	52

With regard to the provision of technical assistance to crops and commodity chains, this work is ongoing and, in the case of long-term crops, will be continued through the life of PDAP. The only projects that will be concluded earlier are those pertaining to short-term crops. In some instances, additional assistance could be provided to these crops, for example peanuts, but only in the area of market development and linkages. The majority of this assistance is being provided through subcontracts with associations and, more recently, with private sector firms.

To date, a total of 15 crops, covering 29,229 and benefiting approximately 27,000 families, are receiving CSE technical assistance. In addition, 1,222 families received technical assistance in the commercial farming of 'paiche,' a type of fish; this project is being co-executed with the Regional Government of Ucayali.

Table 2 below provides a summary of the status of hectares of crops being supported under PDAP. Of these, cocoa, coffee and cotton have the highest market potential, both in terms of number of available hectares for cultivation and in the potential volume of sales considering the uptrend in prices for these products.

Table 2: Summary, Total hectares of crops currently being supported by PDAP

Crop	Concluded (has)		In Process (has)		Pending (has)	Total (has)
	Oct - Dec	Cumulative	Oct-Dec	Cumulative		
Cotton	4,370	4,370	605	605	0	4,975
Cocoa			3,395	13,523	4,412	17,935
Camu Camu			0	60	0	60
Coffee			581	3,178	217	3,395
Heart of Palm			0	118	0	118
Corn	1,107	1,577	57	57	594	2,228
Oil Palm			0	1,335	835	2,170
Grasses		130	2,791	2,791	0	2,921
Banana			0	769	340	1,109
Pineapple			0	52	29	81
Bean			0	0	21	21
Citric fruits			0	144	128	272
Papaya			0	23	0	23
Rice			201	201	22	223
Peanuts		271	25	25	0	296
Total	5,477	6,348	7,655	22,881	6,598	35,827

Table 3 below shows the distribution of hectares of crops being supported by target region.

Table 3: Total hectares of crop being supported by region.

Region	Cacao	Coffee	Pasture	Pine-apple	Banana	Camu Camu	Corn	Cotton	Pea-nuts	Papaya	Citrus	Heart of Palm	Rice	Palm Oil	Total
Aguaytía	2,650	481	2,347	52	630	60	330	4,975				118		1,335	12,978
Tingo María	1,400	604	574		139		197			23	144				3,081
Tocache	5,182	260					1,107						201		6,750
VRAE	4,291	1,833							296						6,420
Total	13,523	3,178	2,921	52	769	60	1,634	4,975	296	23	144	118	201	1,335	29,229

Table 4 further breaks down this information to indicate, by type of crop and by region, those crops which have graduated from receiving CSE direct technical assistance to receiving maintenance assistance.

Table 4 : Crops receiving maintenance assistance by region

Area	Cocoa	Coffee	Pine-apple	Banana	Camu Camu	Papaya	Citric Fruits	Heart of Palm	Oil Palm	Total
Aguaytía	1,600	160	52	630	60			118	1,335	3,955
Tingo María	1,400	604		139		23	144			2,310
Tocache	3,178									3,178
VRAE	4,126	1,833								5,959
Total	10,304	2,597	52	769	60	23	144	118	1,335	15,402

Table 5 provides information on those crops the CSE is just beginning to attend to, both in this quarter and in the first quarter of 2005. It is anticipated by the end of March 2005 all pending productive projects under those Convenios Marcos signed to date (372) will be receiving assistance from PDAP via the CSE.

Table 5: Crops by area by region to receive CSE support (1)													
Area	Cocoa	Coffee	Cotton	Pas-tures	Corn	Bean	Rice	Pine-apple	Banana	Pea-nuts	Citric Fruits	Palm Oil	Total
Aguaytía	1,616	301	605	2,217			22	15	329			835	5,939
Tingo María	397	217		574	102	21		14	11		128		1,464
Tocache	5,063	232			549		201						6,045
VRAE	165	48								25			238
Total	7,241	798	605	2,791	651	21	223	29	340	25	128	835	13,687
(1) These numbers will be adjusted once the results of the Concertacion Process are included.													

Pending the signature of the contracts with the private sector firms, the specific technical assistance supporting the production and marketing of the above crops has been provided directly by individuals hired by the CSEs. A total of 224 individuals have been working in this regard, distributed as follows: 64 in Aguaytía, 61 in VRAE, 48 in Tingo María and 42 in Tocache. Cocoa is the crop with the highest number of technical assistants, with 125 people working with this crop in the four valleys.

Starting in January 2005 the technical assistance and supervision for these crops will be provided by private sector firms selected through a competitive bidding process. The selected companies and crops they will support are the following:

- Cocoa: Exportaciones Sierra y Selva, Multiagro IE SAC, CACVRA
- Coffee: Cooperativa Agroindustrial Tocache, Cooperativa Agraria Cafetalera La Divisoria, Multiagro IE SAC and CACVRA
- Bananas: PATH FRESH and COPPU
- Pasture/Grasses: Agroveterinaria Estela, Ecomsa Von Humboldt and Ecomusa Unión y Trabajo

Progress made to date shows that technical assistance has also contributed to improve overall yield and productivity while also contributing to sales which are being generated as a result of the assistance being provided by the CSEs. Table 6 provides information on the increase in yields, while Table 7 provides information on new sales, reported as of September 2004 by PRA.

Table 6: Overall yield in CSE-supported crops

Regional Office	Crop	Unit of Measure	Initial Yield/ha (1)	Current Yield/ha (2)	Date harvest began	Percentage of harvest completed
VRAE	Coffee	Qq	6	12	April	100%
	Cocoa	kilos	250	600	March	100%
	Peanuts	kilos	800	1000	January	100%
Tingo María	Coffee	Qq	2 - 3	10 - 12	February	100%
	Corn	kilos	1000	2000	Sept-Oct	100%
	Banana	kilos	10000	10000	All year round	0%
Tocache	Cocoa (3)	kilos	700	800	April-Aug/Nov-Dec	100%
	Corn (4)	kilos	1500 - 2000	2000 - 4500	June-Sept	100%
Aguaytía (5)	Corn	T	2	2 - 4.5	Feb-Mar	100%
	Cotton	T	0.6	0.6 - 1.0	Oct-Dec	100%
	Pineapple	T	50	60	January	80%
	Coffee	kilos	550	605	March	100%
	Cocoa	kilos	450	682	Aug-Dec	100%
	Camu camu	kilos	1000	1000	January	70%
	Banana	T	14	35	Oct-Dec	100%
	Heart of Palm	T	2.5		June-Sept	0%

(1) Information originally included in business plan.

(2) Refers to data from April-June harvest.

(3) Comprises 232 hectares in Pachiza-Huicungo and 11 hectares in Chazuta, 100% has been harvested. Selling price is S/. 3.90 to 4.00/kg.

(4) Total area under cultivation is 1,107 hectares, 10% of which has started harvesting. Yields of over 2000 kg/ha are expected. Present selling price is S/. 0.38/kg.

(5) The cotton harvesting season was this quarter. The information for Aguaytía was estimated on the % of harvest progress. Corn harvesting has been concluded.

Table 7: Accumulated Net Sales, US\$, in AD areas as of September 2004

Region	Net Sales US\$	%
Junín	165,078	2
Cusco	275,792	3
Ucayali	1,457,596	18
Huánuco	2,055,621	25
San Martín	3,040,809	37
Ayacucho	1,118,677	14
Total	8,113,573	100
Source: PRA Quarterly Report No. 20		

B3. Lessons Learned

The following lessons have been learned and will be reflected in future implementation activities:

- Continuous support and supervision of CSE-provided assistance is needed, most likely through a combination of direct management and accompaniment activities. The inclusion of local authorities and leaders in this process should be fostered. The CSE is currently developing a strategy to provide this support. The strategy will include setting performance targets for all CSE staff and monitoring their achievement, replacing staff as required. All staff will be trained to monitor sales, jobs and investments generated by CSE intervention under the PRA Project focus.
- The programming of productive projects must take into consider the agricultural calendar. Promising to deliver projects outside of the agricultural calendar jeopardized program credibility while also impacting the sustainability of the crops being supported.
- The CSE is defining a strategy focusing on ensuring the sustainability of the PDAP-supported investment, particularly those which require a longer-term time frame, such as coffee and cocoa.
- The continued close relationship and teamwork with PRA has strengthened both the CSE team and its activities. This teamwork must be maintained and continued, particularly as CSE begins to focus on the development of businesses, not just support to the productive processes.

B4. Success Stories for CSEs

As part of our efforts to highlight key events in each quarter, this quarter we highlight some recent advances in the CSE.

Villa Virgen Demonstrates that Cocoa is Successful in the VRAE. Villa Virgen in the district of Vilcabamba in the VRAE was one of the first communities to join PDAP and voluntarily eradicate their coca as part of the agreement for participation. PDAP supported the community with the maintenance and renewal of an initial 187 hectares of cacao, part of the estimated 700 hectares the community presently produces. The

support received in inputs and technical assistance from PDAP helped significantly increase the yield the community could get from its cacao operations. The community is harvesting approximately 1,200 kg of cacao per hectare, a production level that far surpasses previous local yields, and generated sales of approximately \$1,454 per hectare per family. These results have helped local farmers to once again see the merit in cacao as one of the motors of agricultural development in the area. These results have motivated the community to increase the area dedicated to cacao production to 1,000 hectares over the next two years; this increase will be supported by PDAP.

Rice is a successful business in Tocache. Several communities participating in PDAP have received targeted assistance in integrating their rice production into a larger commodity chain, with significant results. The community first was able, with PDAP assistance, to receive a credit from AGROBANCO to install a total of 300 hectares of new production. In December, six of the participating farmers, managing 39 hectares of rice, harvested 261 metric tons of “chala” rice (with husk), generating S/. 231,540 in sales and 2,700 work days for farmers in this area. It is anticipated by the end of the harvest period, the group will be able to harvest over 2,000 metric tons and generate sales in the order of S/.1,300,000. This has resulted in a successful business for four PDAP communities whose harvests are 1,200 metric tons with sales close to S/.780,000.

B5. Activities programmed for next quarter

The following activities are programmed for implementation in the next quarter.

- Conclude the process of negotiating and signing subcontracts with private companies and producer organizations selected to deliver technical assistance and inputs. Design and deliver a training program to introduce the new service providers to PDAP and USAID requirements and ensure continuous monitoring of their activities to ensure any issues, problems or opportunities are quickly addressed.
- Finish all pending donation agreements with producer associations for the implementation of productive projects.
- Design and implement a program to strengthen producer organizations supporting CSE-related productive and business activities. Provide technical assistance to qualifying companies and producer organizations.
- Inform the communities on the implementation strategy for productive projects and the level of investment pledged for each type of project.
- Continue promoting business development within the scope of PDAP activities, based on the PRA methodology. Adapt monitoring and evaluation of CSE activities to report sales, jobs and investment generated through PDAP intervention.
- Prepare final reports for completed projects and, where necessary, conduct technical evaluations of the investment and its results, impacts and next steps. Specifically, conduct a technical evaluation of the work of the Consorcio de Productores del Algodón Selva Oriental (COPASO) and their performance under PDAP with cotton in Aguaytía.

- Develop a proposal to reinforce the work carried out by the Trust and DCA mechanism.
- Ensure the database contains the most recent information on the status of all productive activities being implemented by the CSE for PDAP.

C. Natural Resource Projects

C1. Activities implemented in quarter

The objective of this component is to promote and establish legal economic activities based on the responsible use of forest resources in participating communities. Key activities center on the sustainable management of forest resources for commercial purposes and rubber projects. This quarter, like the previous one, has focused mostly on consolidating ongoing activities while moving new projects forward in the project approval process. Table 1 below summarizes the current status of all activities being supported by PDAP in the natural resource area.

Project	Regional office			Progress				Observations
	Tingo María	Aguaytia	Tocache	Completed	Final stage	Initial stage	Not yet started	
Gosen forest management plan	X			X				PGMF and POA approved by INRENA.
Alto Santa Cruz forest man. plan			X	X				In the final revision stage by INRENA.
Nuevo Oriente forest man. Plan			X	X				In the final revision stage by INRENA.
Sinchi Roca forest management plan		X		X				In the final revision stage by INRENA, the corresponding comments have been issued.
Unipacuyacu forest management plan		X			X			The legal documentation is being compiled from the community.
Santa Martha forest man. Plan		X			X			The legal documentation is being compiled from the community
Honolulu forest harvesting system	X			X				Completed, objectives met
Sinchi Roca rubber module		X		X				The community has signed agreement for 3.5 and 1.5 tons/month with the possibility of further purchases as production increases.
Puerto Nuevo rubber module		X		X				Community has a first contract for 1.5 tons.
Unipacuyacu rubber module		X					X	The projects are ready for submission.
TA Unipacuyacu rubber module		X						TA company selected.
TA Santa Martha rubber module		X					X	The projects are ready for submission
TA Achinamiza rubber module			X			X		Co-ordination meetings in the field have started.
TA Alto Santa Cruz industrial module.			X				X	Awaiting approval of the PGMF by INRENA before starting to implement the module.
TA Nuevo Oriente industrial module.			X				X	USAID donation agreement approved, awaiting approval of the PGMF by INRENA.
TA Gosen industrial module	X				X			The module is almost ready and has been taken to the community of Gosen for installation.

As indicated above, the main focus this period has been on implementing projects supporting the sustainable management and extraction of forest resources in the Aguaytia and Tocache region. To date, five large forest areas have been identified for

assistance, two in Aguaytia and three in Tocache. This period saw the first approval by INRENA of a communal forest management project designed by PDAP in the community of Gosen. This project will serve as a model for future communal forest management activities. Two projects in Tocache--Nuevo Oriente and Alto Santa Cruz—are pending INRENA approval of their management plans. Also of note, the first industrial primary transformation module is being installed as part of the strategy to promote the sustainable use of the forests.

Placing local forests under sustainable management practices has raised expectations in other projects such as Aid to Artisans and companies like Kolke who are interested in working with wooden handicrafts made from certified forests. This is particularly important given the competitive nature of the wood products industry worldwide. In this regard, the community of Gosen has already received a purchase order for 1,000 feet of cut lumber from their forest. The initial demand forecast is for 20,000 ft. of cut lumber every two months, which could generate sales of over S/. 11,200.

The installation of modules (tools and equipment for forestry activities) in the communities of Nuevo Oriente and Alto Santa Cruz depends on the management plans being approved by INRENA; latest information from IRENA's technical department in Tarapoto indicates the plans are in their final revision stage.

PDAP is developing a rubber extraction project in Achinamiza, similar to those underway with ECOMUSAS in Sinchi Roca and Puerto Nuevo. In the case of Achinamiza, beneficiaries are being selected and the acquisition of materials and equipment to start field activities is underway. The ECOMUSAS rubber modules at Sinchi Roca and Puerto Nuevo are operating and monthly orders have been confirmed for 3.5 and 1.5 tons in the case of Sinchi Roca and 1.5 ton for Puerto Nuevo. Two more rubber projects are being developed in Unipacuyacu and Santa Martha for start up in the first quarter of 2005.

PDAP continues to monitor those projects already concluded to ensure they continue developing as programmed, as well as to gather any lessons learned. As needed, targeted technical assistance to the original beneficiary companies and associations is provided to ensure they continue to develop the program in a sustainable manner. This is being done with ECOMUSAS and with the communal forest management committees.

Table 2 summarizes the number of projects, beneficiaries and jobs being created via natural resource projects in the Aguaytia, Tocache and Tingo Maria regions.

REGIONAL OFFICE	NO. OF PROJECTS		NO. OF BENEFICIARY FAMILIES		JOBS CREATED	
	May-Sept.	Oct.-Dec.	May-Sept.	Oct.-Dec.	May-Sept.	Oct.-Dec.
Tingo María	4	3	272	174	3132	950
Tocache	2	1	81	50	250	----
Aguaytia	9	2	370	100	7875	---
TOTAL	15	6	332	274	11275	950

The above table does not include the jobs created in the case of the rubber production projects in Aguaytia as the community associations are paying the wages out of their

own funds. Only the two rubber projects in Aguaytia are currently generating sales, valued at \$30,000 to date. Total production in these two projects was affected by weather conditions but the operations remain active and the rubber trees have been tapped.

A close relationship is being maintained with the Pucallpa PRA project to help identify all possible commercial options. ECOMUSA continues to provide administrative assistance.

C2. Lessons learned

- Approximately 80% of the forestry sector in Peru is informal, which is an impediment to the implementation of forest management projects because in many cases local and native communities with available forest land have agreements with illegal loggers in which they are paid extremely small sums of money.
- The process required by INRENA to approve an area as a forest reserve is a major obstacle to the development of forest projects as an alternative economic activity. In particular, the documentation requirements take too long (over six months) to acquire and many communities do not have the required legal documents, which also impedes the whole process. A final impediment is land tenure issues. It is therefore recommended that before designing local forestry project in native communities all land tenure information and a history of the colonization of the land should be compiled in coordination with the PTT. PDAP should also strengthen its links with INRENA in see if it could speed up the approval process for management plans.
- A lack of guarantees for local forest committees from the authorities to prevent illegal logging is impeding activities in Nuevo Oriente and Alto Santa Cruz where illegal loggers operate with impunity.
- Greater emphasis should be placed on training the facilitators in the environment and forestry activities so that they can transmit the message to the villages.
- In native communities, a permanent motivating presence is required for any productive activity programmed for implementation. This should be built into program design and included in the community negotiation process.
- PDAP, with PRA assistance, should continue its efforts to establish contacts with potential purchasers of lumber from managed local forest receiving PDAP assistance.

C3. Activities programmed for the next quarter

The following chart summarizes the key activities programmed for implementation in the next quarter. Specifically, these activities comprise the following:

- New replanting projects and declaration of local management forest status have been prioritized in the initial discussion stage.

- The new forestry projects in Tingo María have been programmed for implementation in late January.
- The declaration of local management forest status in Playa Hermosa, San Juan de Abiseo, Mantención and Bajo Guayabal form part of the activities to mitigate the impact of road rebuilding work in these sectors and are also suggested as alternative means of economic development based on the sustainable use of forest resources. The applications for local management forest status will be sent to INRENA in January.
- With a reduction in the costs of implementing projects such as SAF and plantations, these projects can be increased in scale as they have a major impact on local people as well as providing an economic alternative in the medium and long terms for recovering areas that have been degraded by illegal activities.

FUTURE KEY ACTIVITIES	REGIONAL OFFICE			
	Tingo María	VRAE	Aguaytia	Tocache
Replanting of 6 ha. Alto San Juan	X			
Replanting of 30 ha. of plantation in Puerto Franco				X
Replanting bolaina in 3 communities			X	
15.5 ha of agroforestral systems La Colorada.	X			
Túpac Amaru-Alto Huaynabe local woodland				X
Siambal local woodlands				X
Nuevo Paraiso local woodlands				X
Playa Hermosa local woodlands				X
San Juan de Abiseo local woodlands				X
Mantención local woodlands				X
Bajo Guayabal local woodlands			X	
Annual audit of the implementation of the PEA	X	X	X	X
Check procedures for drawing up EAI	X	X	X	X
Training and publication of the PEA procedures	X	X	X	X

CHAPTER IV: Implementation of Cross-Cutting Initiatives

A. Land Titling (PETT)

The objective of this activity is to provide land titles to families participating in PDAP through the voluntary and sustainable eradication of their coca crops. A pilot initiative is underway in Aguaytia, charged with conducting all of the necessary tasks leading to the registration of a minimum of 4,300 titles in accordance with Peruvian Law (Legislative Decree No. 667). The land titling process is being implemented in close coordination with the PETT,¹ through an agreement signed with PDAP in August 2003. By mutual agreement, the technical work is carried out using PETT supervision and standards. However, PDAP controls all field and discussion work related to the land titling process. After this, the pre-registration files for each property are passed to a PETT supervision team. The files submitted to PETT for review must be based on cadastral data and each file must enclose graphic information (maps or plans) and textual information (in connection with land-owners, legal status), in order to advance to the next stage of the process.² PDAP submits completed documentation to PETT for approval and corresponding processing.

A1. Progress made during the Quarter

The key activities conducted this Quarter include the following:

- Boundaries for 2,043 lots were mapped using GPS precision technology in 36 communities distributed in three districts as follows:
 - District of Padre Abad: Miraflores, Barrio Unido (Cascabel), Barrio Unido (Zona Reservada), Erika, Nueva Primavera, Nuevo Porvenir and Nuevo Mundo.
 - District of Irazola: Norbert de Alto Uruya, Nuevo San Juan, Nuevo Juanjui, Winston Pijuayo, Nueva Unión Palometa, El Porvenir, Primavera, El Arenal (Marcos Ramírez), Ascensión de Aguantillo, Valle Sagrado, Santa Cruz, Villa El Salvador, La Unión, San Juan Km 71, Monte de Los Olivos and Nueva Irazola.
 - District of Curimaná: Andrés Avelino Cáceres, Nuevo San José, Zorrillos, 10 de Marzo, Maronal, Nueva Alianza, Bello Horizonte, Las Mercedes, Pueblo Libre, Agua Dulce, 2 de Mayo and Nueva Jerusalen.
- 2,558 pre-registration files were completed for processing. To compile a pre-registration file, the beneficiary must be registered and have presented all of the legal information required for this purpose, including maps delineating the specific area. The offset that occurs between the lots with set boundaries and those registered and considered apt, is explained by the non-compliance of the requirements set forth in the applicable decree (No. 667). Quality control by PETT Supervision is enforced

¹ The official Peruvian entity charged with granting land titles in rural areas.

² To achieve the final product of delivering property registration certificates, a process has to be followed wherein PDAP has to also interact with the INRENA, the Agrarian Agency, INC, Official Journal El Peruano and the Public Registry Office (SUNARP).

throughout the process, ensuring all compiled files have been reviewed and compared against the GPS survey results and maps. Finally, reports are issued considering only those files deemed to qualify for the next processing stage with the respective entities.

- Providing ongoing support to the PETT-MINAG Ucayali Regional Office, including paying the rent for the installations, basic utilities and logistical and technical materials.
- Undertaking the necessary transactions with INRENA to sign an inter-institutional cooperation agreement as a means to validate the land classification reports and to exclude any potential titles that conflicted with the Permanent Production Forests.
- Implementing a cost-reduction initiative to reflect program efficiencies and productivity. All posts and functions were reorganized on the basis of prior performance evaluations (monthly/weekly).
- Initiating planning for 2005. PETT has provided PDAP with maps of the Chazuta and Juanjui areas to facilitate the identification of new work areas in 2005.
- Working closely with USAID to define relationship with PETT and to secure their commitment to honor the terms of the PETT-CI agreement, which expired in March 2004. That agreement determined that all pre-registration files and cadastres surveyed and reviewed by a PETT Supervision Team would be titled by PETT. PDAP, working closely with USAID, is trying to settle ongoing issues with PETT to sign a new agreement with PDAP. As of the end of the reporting period, all of PETT's observations preventing the signature of a new agreement had been addressed. The current version of the draft agreement is under final legal and technical review within USAID. It is hoped the agreement will be signed in January 2005.

To date, PETT supervision has reviewed 4,093 files although 5,028 files have been submitted for their processing, exceeding the calendar year target of 4,300. The explanation for the offset is that fieldwork is still being carried out in some of the communities and the final quality control report can only be issued once the all of the fieldwork has been concluded.

Total Progress as of December 31, 2004:
Aguaytía

PROCESS	Quarterly progress	Total to date	% of Progress to achieve the goal
Setting boundaries with GPS sub-metric precision technology	2,043	5,817	135%
Registration (pre-registration files)	2,558	5,691	132%
Files with final report issued by PETT Supervision	4,093	5,028	117%

A2. Lessons Learned

The following lessons were learned or reinforced during this reporting period and are being taken into consideration for future activities.

- It is extremely cumbersome to work with public sector institutions such as PETT. Many times decisions are made based on incomplete information or for political reasons. Directors are changed frequently whim and often new officers have limited technical knowledge of the extremely sensitive issue of land titling.
- Any future agreement must detail the specific steps or processes and key responsibilities and roles of each institution. Signing a general agreement leads to lack of clarity regarding roles and responsibilities and potential non-compliance. PDAP, should it be the designated signatory of such agreements, should only sign agreements that are enforceable legal instruments.
- Sweep measurement over basins or micro-basins is more economical and faster than measuring by isolated communities.

A3. Activities planned for next Quarter

Aguaytía Region

The final stretch for the title-awarding process will only commence once the inter-institutional cooperation agreements between PETT and INRENA have been signed. This contemplates the following:

- excluding the Permanent Production Forest in Ucayali from our work areas
- validating the technical reports on the classification of soils
- issuing and signing cadastral certificates
- signing of documents proving ownership of the Padre Abad Agrarian Agency
- submitting the files pending titles to the SUNARP in Ucayali for their respective registration.

Puerto Inca, Chazuta and Juanjui Region

PDAP has designed a strategy to examine the physical and legal situation of the rural lots in the Chazuta and Juanjui regions. This will be executed during the first weeks in January 2005. PDAP has also planned to examine the situation of the lots waiting for titling in the Puerto Inca area. This is also scheduled for January 2005. PETT Ucayali is reluctant to provide PDAP with the official validation documents for the pre-registration files pending the signature of the PETT-PDAP agreement. INRENA will validate the land classification reports once the agreement is signed. In addition, INRENA, with the support of CI, will resolve the legal problem caused by the incorrect registration of the Permanent Production Forests contained within PDAP's proposed work area for 2005. The following table summarizes the target areas and tasks for 2005.

Work Areas for 2005

DEPARTAMENT	PROVINCE	PHASE	No. of towns	No. of Beneficiary Families	No. of Lots
HUANUCO	PUERTO INCA	PHASE I	17	1,400	684
SAN MARTIN	S. MARTIN. M CACERES	PHASE I	49	5,628	3,379
SAN MARTIN	VALLE DEL LECHE	PHASE II	20	1,287	770
SUB TOTAL			86	8,315	4,833

B. Environmental Compliance

A key element of PDAP's implementation is to ensure that all activities designed and implemented meet Peruvian and USAID environmental regulations. This requires careful review, including site visits, of all potential projects to mitigate any real or potential environmental issues prior to project implementation. It also requires continuous monitoring to ensure the recommendation or mitigating factors are correctly implemented during project execution.

B1. Key Activities implemented during the Quarter

The key activities conducted this quarter centered on educating staff and implementing the provisions of the Programmatic Environmental Assessment (PEA) for the Sustainable Reduction of Illicit Coca Crops through Alternative Development in Target Areas of Peru. This PEA, approved by DEVIDA and USAID in July 2004, was translated into Spanish to maximize its usefulness for all PDAP staff and implementing partners. Training activities and internal processes to ensure compliance have been drafted and implementation is underway. The PDAP Natural Resources (NRM) team is charged with ensuring all PDAP activities are executed in compliance with the PEA. This compliance review is being done in close co-ordination with PDAP's environmental counterparts in DEVIDA (Lucio Batallanos) and in USAID (Tommy Fairlie). To expedite the review of field activities in Aguaytia, which is where the majority of current activities are, four field assistants have been hired and assigned to work with DEVIDA-Aguaytia to monitor PEA compliance. These assistants receive logistic support from PDAP.

The following table summarizes the activities and management tools produced by PDAP in response to PEA compliance.

REGIONAL OFFICE	NO. PROJECTS COVERED		MANAGEMENT TOOLS PRODUCED					
			EAls		Inspections		Other reports	
	Apr.- Sept.	Oct.- Dec.	Apr.- Sept.	Oct.- Dec.	Apr.- Sept.	Oct.- Dec.	Apr.- Sept.	Oct.- Dec.
Tingo María	26	30	14	0	13	30	0	0
Tocache	187	17	184	7	80	17	1	0
Aguaytia	121	51	350	38	103	43	3	42
VRAE	40	25	18	5	35	25	4	0
TOTAL	374	115	423	50	231	115	8	42

Some of the other activities implemented this period include the following:

- Defining strategy for mitigating negative environmental issues associated with road rehabilitation and maintenance projects.
- Confirming that some road rehabilitation projects slated for implementation were, in fact, new roads. In some cases, this could only be determined by actual site visits, resulting in the need to change the priority project with the community. The changes in projects were achieved during the “concertacion” process. The PDAP NRM team is drafting guidelines for technical staff and for the facilitators to ensure all road projects approved for PDAP assistance comply with the terms of the PEA.
- Examining impact of road projects on nearby forest reserves and the adoption of mitigating factors. In accordance with the PEA, part of the strategy for mitigating negative impacts caused by road projects on forest reserves is the preparation of management plans for the affected forest areas so that they can be used effectively by the relevant communities.
- For communities where road projects have been determined to not have an impact on the nearby forest reserves, encouraging the communities to sign a "Memorandum of Commitment" whereby they agree not to deforest their forest resources. PDAP is trying to make the signed memorandum a requirement prior to the beginning of any road projects.
- Using a Georeferencing tool, the NRM team was able to identify those roads affecting permanent forest areas in the Aguaytia and Tocache regions. The vulnerable areas were identified from satellite images and their boundaries were subsequently defined. Together with information gathered in the field, the road lengths were accurately established together with their influence areas. This information was entered into the database for future reference and PDAP is drafting, for submission to IRENA, the reports required to designate these areas as local protected forest land. The following areas have been classified as protected forest areas:
 - Aguaytia:
 - Nuevo Juanjui with 424 ha.
 - Bajo Guayabal with 500 ha.

- San Martín
 - Playa Hermosa with 138 ha. of forest reserves and 64 ha. of tree plantations
 - San Juan de Abiseo with 323 ha.
 - Mantención with 500 ha.
- Classifying, with the aid of satellite images, forest lands in the four target regions; defining the type of projects to be socialized with new communities entering the program. Maps of the areas proposed for forest management were also produced, specifying the type of forests, cultivated areas and others.

B2. Lessons Learned

The following lessons have been learned this quarter and will be taken into consideration in future program implementation.

- Training should include administrative and management elements, not just technical, in order to have a maximum impact.
- Training given to environmental contractors in the PEA procedures did result in improvements in their work, but greater efforts are still required to ensure full compliance. PDAP supervisors must also be very attentive to potential and real PEA violations and be proactive in their identification and solution.
- The joint PDAP-DEVIDA implementation of PEA activities with DEVIDA has been very positive and has improved relationships and management of field operations.
- Field inspections of planned and ongoing projects are being carried out, with special attention given to road rehabilitation projects. Experience during this quarter clearly demonstrates that if inspections had not taken place, there could have been significant negative environmental impacts.
- In general, PDAP staff and subcontractors have very little training in environmental matters and therefore have not been attaching the necessary importance to compliance with environmental regulations. Through training and continuous monitoring of related projects, this is changing. As evidenced in this quarter, if projects are not designed with environmental considerations from the beginning, it can result in delays in program implementation and, if not caught ahead of time, in deficient projects which have to be corrected afterwards, often at a higher cost.
- The EIAs need to be fine-tuned as they contain much information that is of little relevance and miss the main point, which is to evaluate significant environmental impacts and mitigate them.

- PDAP needs to strengthen and empower supervisors as environmental inspectors and ensure that environmental mitigation efforts are properly identified, budgeted and implemented as agreed to in program implementation.

CHAPTER V: Communications

The objective of this component is to design and implement communication strategies and programming to provide accurate and timely messages to the various PDAP audiences—at the national, regional and community levels—on the principles, policies, benefits and results of the PDAP program. Specific emphasis is placed on changing attitudes and behaviors associated with the illegal planting of coca and the impact of this illicit economic activity on sustainable development. In addition, and as a key result of the R372 review, the PDAP Communications team, in close coordination with their counterparts in DEVIDA and USAID, is designing and implementing a community-based communications program to ensure that current beneficiaries of PDAP receive accurate and up-to-date information on program activities and their impact.

A. Key Activities during the Quarter

PDAP's communication initiatives can be grouped into the following main areas: strategic planning, public awareness campaigns, strengthening of journalist networks, regional communication initiatives, product development, media monitoring and indicator development. The following report summarizes key activities in these areas this quarter. Lessons learned and activities for the next quarter are also discussed.

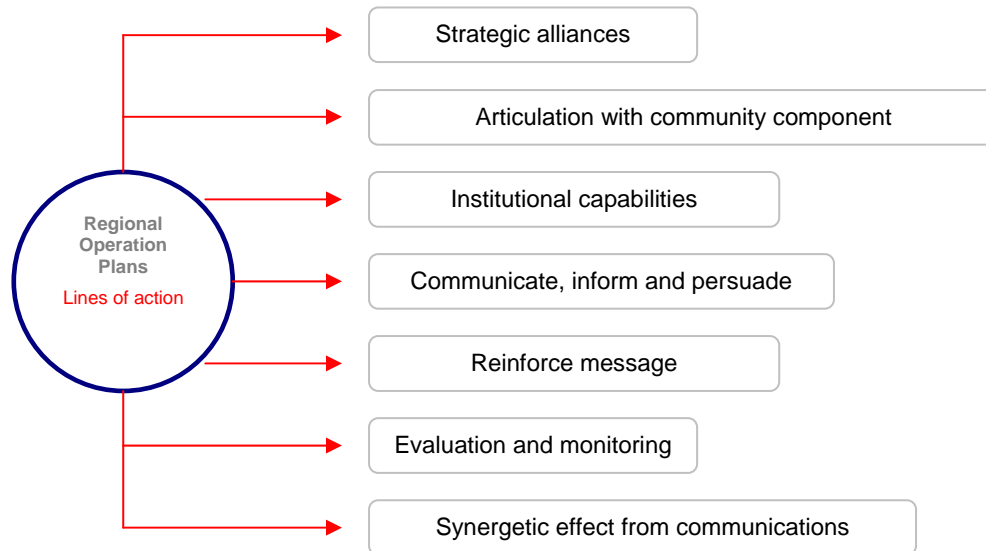
A1. Strategic planning

The key activity this period was the development of strategic communications plans for the four target regions. These plans were developed in close coordination with the regional offices and implementing partners (in particular CEDRO, PRISMA, WWF and ASF) and followed the guidelines set forth by the USAID-DEVIDA-PDAP Joint Communication Strategy. These regional plans will guide the regional communications activities in 2005. Specific activities this quarter included:

- Conducting workshops in Aguaytia (September 30-October 1, 2004), Tingo Maria (September 23-24, 2004), Tocache (September 27-28, 2004) and VRAE (November 4-5, 2004) to define the parameters and key elements of a regional communications plan for each region (See figure for key elements of a regional communications plan). Key participants included DEVIDA, CEDRO, ASF and the respective municipal associations.
- Coordinating with the four Regional Offices the specific roles and responsibilities to implement the regional communications plans, including defining specific activities with corresponding time schedule and budget.
- Establishing a monitoring system to technically supervise the regional technical committees (CTR) tasked with implementing the regional communications plans.
- Developing the first draft of a proposed Community Communications Platform designed to complement the activities of the regional communications initiatives.
- Organizing a meeting with community leaders to describe PDAP's communications activities during the II Meeting of Rural Communicators jointly organized with

CEDRO and held in three regions: Tocache (November 20-21, 2004), Tingo Maria (December 11-12, 2004) and Aguaytia (December 4-5, 2004). Combinations of focus and discussion groups were used to gather critical information on what could work in the different regions.

Line of Action



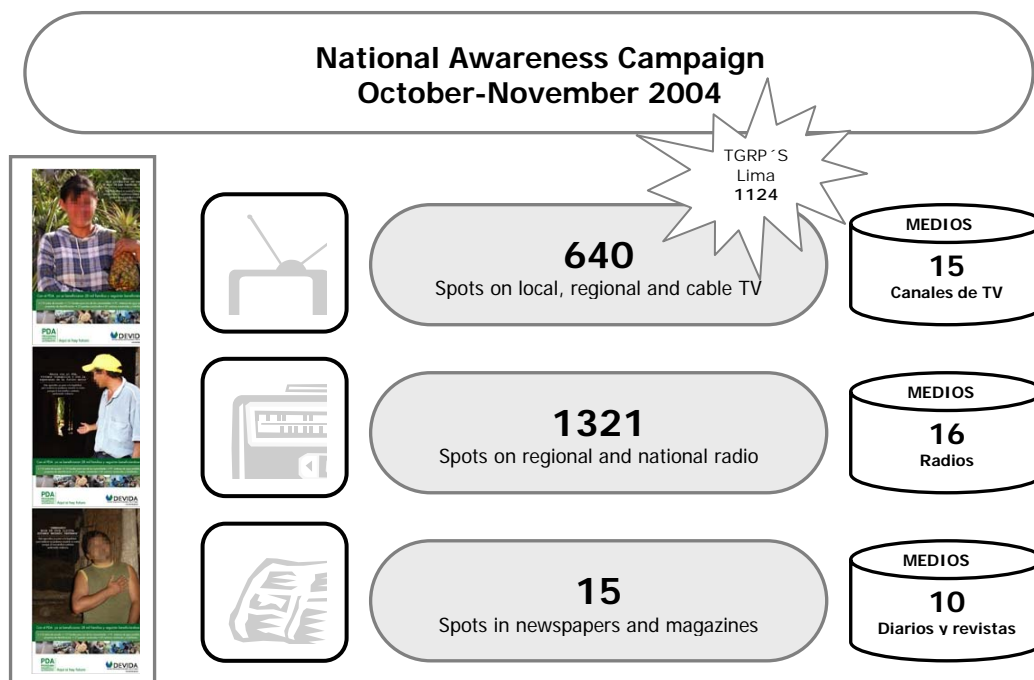
One final activity conducted this quarter pertains to the name of the project. To date, the project has been called the Peru Participatory Alternative Development (PDAP) program. Although originally the decision to call the project PDAP was done to differentiate the program from previous alternative development initiatives, it was clear that even in the case of DEVIDA and USAID, the program was being called the Peru Alternative Development Program (PDA) as well as PDAP, and often interchangeably. It was also clear in the field that both names were being used and this was causing confusion with key counterparts and partners. To address this small yet significant issue CONECTA was hired to conduct a qualitative analysis, assessing the perceptions, awareness and values attributed to both names in the four regions where the program is working. Focus groups will be conducted with farmers, community and municipal leaders, and populations groups in both urban and rural areas to determine the value and perceptions associated with both names to make a final determination. The report is expected early in January 2005.

A2. National Awareness Campaign

The National Awareness Campaign was launched in mid-September and broadcasted through the end of November nationally and in the regional markets through the middle of December. The media strategy, both nationally and regionally, included a promotional mix consisting of TV spots, radio spots and written advertisements for the press. The campaign, aired at no cost by Peru's leading media companies, focused on PDAP's contribution to voluntary coca eradication efforts and recorded examples of real behavior changes observed in coca-growers, particularly those living in areas where drug dealers and terrorism are still ever-present. It is estimated that this campaign was followed by roughly 14 million Peruvians. The public awareness campaign produced the following indices in October and November (see graph below).

In October, and as part of the National Awareness Campaign, PDAP launched a campaign in Wong, Metro, Santa Isabel and Plaza Vea, the country's leading supermarkets, to promote the sale of products grown in alternative development areas. In support of this initiative, PDAP implemented the following activities.

- Designed and printed labels to identify the products.
- Coordinated the placement of specific display cases in the above supermarkets to highlight the products and why it was important to support the program.
- Put in place a system to photograph and capture audiovisual images of client behavior, to observe how they reacted to the products on display in Plaza Vea in the Jockey Plaza and in the Metro in Chacarilla.



A3. Strengthening of regional journalist networks

The main activity this quarter was the organization and execution of the II Meeting of the Network of Development Communicators in the city of Tarapoto (October 20-22, 2004). PDAP was directly responsible for convoking and organizing this event, in which more than 80 reporters from the four target regions participated, as well as representatives from USAID, DEVIDA, PRISMA, CEDRO and other program partners. This event helped consolidate the work PDAP has been doing with the network, in particular activities centered on professional development, organization, and message development.

Specific activities undertaken in support of the meeting included:

- Identifying and contacting experts to participate in the different panels organized as part of the technical program of the meeting.
- Preparing promotional and technical material to be distributed prior to and during the meeting.

- Facilitating the transportation of more than 60 reporters of the Network of Communicators for the Development of the Amazonian to Tarapoto.
- Overseeing the logistics and operations of the meeting, which took place in the Hotel Río Shilcayo. Also organized and oversaw the competition “Pocho Apéstegui” which recognized the contribution of selected reporters who had shown significant progress in their professional development and support to the program.

A4. Regional Communication Initiatives

The following activities were conducted this quarter.

Regional programming

PDAP continued to broadcast programs and spots designed to promote PDAP's activities in the target regions, at the same time establishing a foundation for more coordinated and consistent programming with specific objectives and results. The following programming was conducted this period.

One-hour programs

Product	Frequency	Period	No. Program	Area	Total No. of programs broadcasted
1-hour radio programs	Monday to Friday	October – December	3	Aguaytía - Puerto Inca-Pucallpa	207
1-hour radio programs	Monday to Friday	October – December	2	VRAE San Francisco - Kimbiri	130
1-hour radio programs	Monday to Friday	October – December	2	Tocache - Juanjuí - Uchiza	224
1-hour radio programs	Monday to Friday	October – December	2	Tingo María - Aucayacu	132

Special 15-day television advertising (Tingo María –Aucayacu)

Product	Frequency	Period	N° of television	Area	Total No. of spots
Spot on PDAPP achievements	Monday to Friday	November 16- December 4	2	Aucayacu	225
Spot on PDAPP achievements	Monday to Friday	November 16 to December 4	3	Tingo María	150

Special 15-day radio advertising (Tingo María –Aucayacu)

Product	Frequency	Period	N° of radios	Area	Total N° of spots emitted
Spot on PDAPP achievements	Monday to Friday	November 16 to December 4	3	Aucayacu	225
Spot on PDAPP achievements	Monday to Friday	November 16 to December 4	3	Tingo María	225

Regional Awareness Campaign - Television

Product	Frequency	Period	N° of televisions	Area	Total N° of spots emitted
Regional Awareness Campaign - Tingo María	Monday to Friday	October 12 to December 7	1	Tingo María	86
Regional Awareness Campaign- Pucallpa/Aguaytía	Monday to Friday	October 12 to December 9	1	Pucallpa-Aguaytía	86
Regional Awareness Campaign-Tocache /Juanjui	Monday to Friday	October 12 to December 10	1	Tocache-Juanjui	26
Regional Awareness Campaign-Tarapoto	Monday to Friday	October 12 to December 9	1	Tarapoto	43
Regional Awareness Campaign-Huamanga	Monday to Friday	October 12 to December 9	1	Huamanga	43
Regional Awareness Campaign-Huanta	Monday to Friday	October 12 to December 9	1	Huanta	86

Regional Awareness Campaign - Radio

Product	Frequency	Period	N° of radios	Area	Total N° of spots emitted
Regional Awareness Campaign -Aucayacu	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Aucayacu	120
Regional Awareness Campaign -Tingo María	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	2	Tingo María	240
Regional Awareness Campaign -Pucallpa	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Pucallpa	120
Regional Awareness Campaign -Aguaytía	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Aguaytía	120
Regional Awareness Campaign -Tarapoto	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Tarapoto	120

Regional Awareness Campaign -Tocache	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Tocache	120
Regional Awareness Campaign -Juanjuí	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Juanjui	120
Regional Awareness Campaign -Huanta	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	2	Huanta	240
Regional Awareness Campaign -Pichari	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Pichari	120
Regional Awareness Campaign -Kimbiri	Tuesday, Thursday, Saturday & Sunday	October 12 to December 7	1	Kimbiri	120

Production of the Third Version of the Radio Soap Opera

PDAP continued to broadcast the radio soap opera: “Almendra, Corazón de Selva.” Creative meetings were held to develop a third version of this now popular program. Local actors from Tingo María who performed in the previous two versions have been hired to act in this third version. The first 20 scripts have been produced and approved. Moreover, local radio stations have placed calls for voice casting and local actors in the Juanjuí, Tocache and Tarapoto regions to include more local persons in the production. A production team from the Instituto de Comunicación para el Desarrollo (ICD), the subcontractor hired to develop this product, visited a group of local radio stations in Tarapoto and Juanjuí to determine how these stations could participate in the production of the third series. In the end, recording equipment was set up in Tarapoto.

Female Leadership Competition

A series of meetings were carried out between ICD and Manuela Ramos to organize this important initiative, the aim of which is to promote female leadership in the communities working with PDAP. In part, we are trying to develop effective counterparts to several prominent women who are out-spoken leaders in the local and regional coca-grower's organizations. Local promoters of the initiative have been selected and are contacting local women's organizations, authorities, radio stations, news programs and community centers in the four target regions. To date, four spots have been recorded for dissemination in the target areas; these will be broadcasted by regional radio stations and other popular, widely-heard stations. Posters advertising the competition are being distributed, and a poster competition, to promote local organization participation, is underway.

Regional advertising

In September 2004, Publimedios, a PDAP advertising subcontractor, was designated as the only entity responsible for placing and paying for advertisements in each of PDAP's target areas. This change removes PDAP from the position of directly dealing with the

media and press, a position that program opponents tried to capitalize on. This change puts program publicity in the hands of an expert operator like Publimedios, and ensures that publicity will be handled on the basis of technical considerations (basically rating plus credibility) rather than political.

Public bidding for Radio Producers

PDAP is currently preparing a tender, jointly with Publimedios, for the local production of PDAP programming in the target regions. The programming, which on average will run 65 minutes, has been defined. The open bidding process concluded at the end of December, with 24 firms submitting proposals. The PDAP communications team is currently reviewing these proposals; the hope is that, through the competition, better-structured and quality programs will be developed to enhance the image of PDAP in the respective regions.

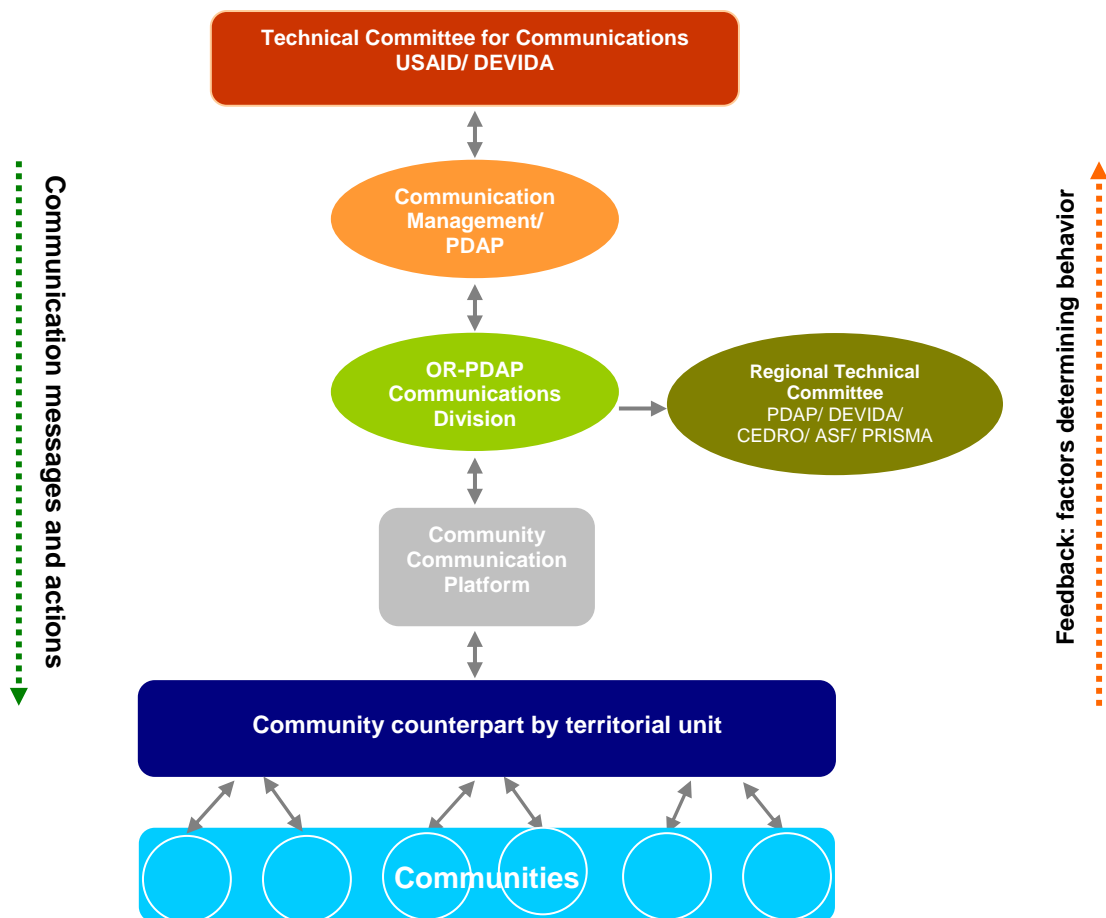
Community Communications Platform

One of the results of the R372 review and the “concertacion” process was the identification of the need to keep the participating communities informed regarding the status of PDAP and the projects being implemented in their respective communities. PDAP, working closely with USAID, designed and initiated the implementation of a regional-based community communications program. In general terms, the Community Platform would operate according to the structure illustrated in the below flow-chart. The program would work closely in ensuring there is an effective feedback mechanism between the central Lima office and the regional offices and, through them, to the participating communities.

Key activities in support of this initiative and undertaken during this quarter included:

- Preparing a technical proposal to implement the platform, including objectives, implementation strategy, and results, and key activities proposed for the first semester in 2005.
- Examining the role and overlap of the community communications program with PDAP’s socialization component.
- Introducing regional office staff in the four target areas to the strategy and soliciting and incorporating their feedback.
- Drawing up the manual and guide for the PDAP facilitators.
- Working with ASF to include the content of community and intercultural communications in workshops with PDAP facilitators.
- Identifying approximately 300 communication promoters to participate in the program.

FLOW CHART REGIONAL COMMUNITY COMMUNICATIONS PLATFORM



A similar platform, targeting public opinion and institutional development, was also identified as an area needing attention. This platform will be designed and implemented in the next quarter.

A5. Product Development

Using the wide variety of digital video and photo images collected during the previous quarter, PDAP is now able to produce a wide range of audiovisual and graphic materials. The central PDAP office in Lima now has over 4,000 minutes recorded on video and more than 2,850 high resolution photos, and has the capability to do non-linear video editing and graphic development. This capability will enable PDAP to immediately respond to regional media demands for advertising products and informed responses to key events as they occur.

A public bidding was conducted to select the company who would be tasked with producing the audiovisual and photographic material on PDAP's activities in the four regions. The proposals were received in mid-December; the selection is pending.

In addition, video and photographic materials were recorded for the production of a 12-minute documentary film on PDAP's CSE activities and for preparing a PDAP news program. As of December 2004, the below-listed video products are undergoing post-production works and should be completed by the end of January 2005:

- Documentary on PDAP's Center for Economic Services (12 minutes).
- News program informing on PDAP's achievements (4 notes, 2-minutes each).
- Regional publicity campaign (3 TV spots and 3 radio spots).

The following graphic materials were also produced this quarter:

- Leaflet describing PDAP's main activities (printed in December 2004).
- Leaflets containing information on the progress made in each of the target regions. Four leaflets have been designed and are scheduled for printing by the end of January 2005.
- Financial support to reprint an excellent DEVIDA document entitled 'Las 13 Falacias de los Cultivos de Coca' (13 Myths of Coca Farming) which was included as an insert in the Caretas magazine.
- Leaflet about the CSE and its support in the alternative development areas. This was produced in support of the ExpoFeria 2004 (Centro Comercial Jockey Plaza).

PDAP is also in the final stages of purchasing the required equipment to install the audiovisual and graphic production center in the Lima Central Office. This Center will allow PDAP to immediately respond to requests for promotional material or to respond to negative press, as deemed appropriate.

A6. Regional Media Monitoring

The following local and regional media monitoring systems were put in place, covering:

Region	City
Huánuco	Huanuco, Tingo María, Aucayacu
Ucayali	Pucallpa and Aguaytía
San Martín	Tarapoto, Tocache and Juanjuí
Cusco	Quillabamba
Junín	Satipo
Ayacucho	Huamanga, Huanta, and San Francisco

The table below shows the monitoring results as of December 2004:

Product	Number
Daily reports	122
Weekly reports	17
Monthly reports	3
Flash news spots	25

A7. Evaluation and construction of indicators

The following activities were conducted this quarter.

- The Communication's indicator matrix was reviewed and adjusted (including indicators for management, impact and those directly linked to DEVIDA, USAID and PDAP's Joint Communications Strategy and to the development of regional operation plans). The tools to gather information were developed and reviewed; these will enable PDAP to develop the indicators for the 2004-2005 work plan. An evaluation plan was drawn up according to the conceptual framework.
- The terms of reference were designed, put out for bid and a firm selected to develop a baseline study for PDAP's Communications component. This will enable PDAP to assess program beneficiary's behavioral change and public opinion regarding the program and its activities, through 2007. PDAP helped design the questionnaires, selected the sample framework and initiated the fieldwork for the baseline study in PDAP beneficiary communities and in other cities such as Metropolitan Lima, Huanuco, Pucallpa, Huamanga, Tingo María, Tocache, San Francisco and Aguaytía.
- PDAP prepared the terms of reference and competitively selected a firm to evaluate the effectiveness of the National Public Awareness Campaign in the target regions. Survey instruments were developed and the fieldwork for the impact evaluation was completed. This study was conducted both in the different PDAP target areas and in Metropolitan Lima. The study also includes the perceptions of a number of opinion-makers.

B. Lessons learned

The following lessons have been learned this quarter and will be incorporated into future programming.

- Immediate and consistent response is required to ensure the success of PDAP's communication activities, particularly in the regions. This requires ensuring the regional offices have strong communication's capabilities, ably supported by a strategic team based in the Lima Central Office.
- Continuous community communications activities are required to promote and reinforce sustainable behavioral change in PDAP beneficiaries—to help switch them to legal ways of earning their livelihood. This in turn requires a reorientation both at the central, regional and partner level.
- It is critical to clearly articulate the specific scope and activities of the different PDAP components (CSE, infrastructure, socialization, land titling, natural resources and environmental compliance), to ensure communities have the right information on program activities.
- It is essential to communicate program achievements and results on a continuous basis, and to develop audiovisual and graphic images demonstrating this while also satisfying the enormous demand of information generated in the four target regions.

C. Activities programmed for the next quarter

The following activities are scheduled for implementation in the next quarter:

- Design and implement the Public Opinion and Institutional Platform, (the other fundamental axis complementing the Community Communications Platform). This platform will support all of the activities to be carried out in the four target regions.
- Start-up the community communications system as part of implementing the Community Communications Platform.
- Reinforce the Regional Communications Technical Committees and strengthen their role and involvement in the implementation of the regional communications plans.
- Design and implement the community communication plans in each target region, based on the regional plans, objectives and lines of action proposed in the Community Communications Platform.
- Start-up the Audiovisual Production Center in the Lima office and define the most effective mechanism to maximize dissemination in the target areas.
- Produce a set of graphic and audiovisual materials to report PDAP progress, directed at the general public, institutions and communities.
- Disseminate information on PDAP accomplishments at the community level, targeted at the R372 communities, to help counter misinformation effectively generated by coca producers and other interested parties.
- Identify local communication counterparts and form communication groups within territorial unit, as these are critical elements for the community communications system to function.
- Implement a program to boost the communication skills of agents who are both internal and external to PDAP, so that they can effectively communicate PDAP activities, initiatives and messages.
- Prepare a map of partners and other players connected to PDAP to identify any common areas and strategies for joint communication initiatives.
- Design a technical proposal for producing educational communication materials to facilitate the dissemination of PDAP's objectives, concepts and results to those communities targeted for PDAP intervention in 2005.
- Conclude the Female Leadership Competition and broadcast the third version of the radio soap-opera, to be heard in the 12 localities within PDAP's target areas.

CHAPTER VI: Monitoring and Evaluation

A. Introduction

The primary objective of PDAP's Monitoring, Evaluation and Information System (M&E) is to provide reliable, consistent and timely information to all interested parties on PDAP activities and programs and their contribution to the achievement of USAID's special objective of a "sustained reduction in illicit coca production in Peru." The M&E system is also being used as a management decision-making tool to promote efficient operations, planning and utilization of resources. It has been designed to be user friendly and adjustable to respond to a wide variety of information needs and requests. During this quarter, activities have focused on improving the central database, as this is the core axis for the M&E System and is the only source for any report or information on program activities. Although some small additions and corrections still need to be made, for the most part the database is complete and is a reliable and efficient source for program activities. The key activity for the next quarter is to train PDAP staff in ensuring the most current and accurate information is continuously updated in the system, training all PDAP, USAID and DEVIDA staff in using the system, and concluding the input of critical administrative information.

Rapid response to information requests

On average, PDAP responds to a minimum of 20 different requests for information in any given week. What used to take days, even weeks to respond to, can now be responded to in 10 to 15 minutes because of the launching and subsequent refinements to the M&E platform. Requests as varied as the current status of construction of community multiple use centers to number of hectares in the four regions receiving assistance in cacao to number of times the offices were closed due to security concerns can be answered immediately.

An equally important and critical activity this quarter was the preparation of the community card or "ficha" which is the main instrument being used to report and analyze the status of ongoing activities in the 372 communities who have signed Convenios Marco with DEVIDA. This review, called the R372 review, coupled with information gathered during the "concertacion" process, has resulted in PDAP having, on-line, complete and up-to-date information on the exact status of activities in the participating communities. This information will be continuously updated and is available via the PDAP website for review and information. A presentation summarizing the results of the R372 review is scheduled for early January for USAID and DEVIDA.

Key activities in support of PDAP's M&E system can be broken down into six main areas:

- Infrastructure and Systems
- Website
- Business Intelligence System
- Control Panel System and Strategic Maps
- Geographical Information System
- Training

The following report summarizes the main activities this quarter in each area.

A1. Infrastructure and Systems

Key tasks conducted this quarter included:

- Internet access to the PDAP M&E system servers was made independent from the general PDAP server. Access will be through individual IP numbers, which are different than the IP numbers used by PDAP users. Firewall software was installed and configured to make the access controls independent and to protect the M&E System against viruses.
- The design and implementation of a centralized, purged and coherent database was concluded. The basic unit of information and control is the community itself. The system now has integrated information for Socialization, Infrastructure, Productive Projects (CSE), Auto eradication and Bonus Payments. The database receives information on-line from the Regional Offices, by means of a series of programs which have been specifically created for this purpose. The information is updated on a daily basis, on-line.
- As an integral element of the database, M&E developed, in close coordination with USAID and DEVIDA, the framework for the community card or “ficha.” This card summarizes key information on the status of compliance of both PDAP and the community to the terms of the Convenio Marco (see sample at end of this chapter). The card was created such that it pulls from the central data base and is updated daily through the automatic server processes. The card is also available on the PDAP website and can be easily downloaded using the Adobe PDF software.
- The physical installation of the PDAP servers in the four regional offices was started and concluded this quarter. Improvements were also made to the electrical systems and cabling in Regional Offices to maximize the system’s utility and to avoid down time. The system has been synchronized to transmit data from the Regional Offices to the Lima Central Office.
- The information stored in the central database in Lima is continuously updated at the Regional Offices through programs designed to capture information from the central M&E system.
- PDAP has not been able to install a server in USAID/Peru pending IRM/Peru authorization. The paper work is in process. In the meantime, three computers owned by USAID’s Office for Alternative Development have been equipped with the programs and files that work with the PDAP M&E system and have been connected with PDAP’s Intranet as part of the testing phase prior to the final installation. To date, all the Business Intelligence software (CorVu) has been installed in the USAID computers, as well as Client-Server and Web, apart from the files to access PDAP’s intranet. All of this software works with a Local Area Network (LAN) which is separate from the Mission’s network. It is hoped the authorization to install the USAID/Lima server will come through next quarter.

Key activities to be conducted in the next quarter include:

- Integration of information from entities executing the Mission's projects, to the central M&E System.
- Train regional staff in how to use, access and manage the CorVu Business Intelligence program, to ensure that they optimize and maximize this tool.
- Integrate information related to Property Titles, Communications, Contracts and Environment to the M&E System's database.
- Make operational the contracts module, currently being tested. Once operational, staff will be able to access on-line key information on contracts and control procedures.
- Designate and train one person in each Regional Office to be in charge of all system-administration tasks and data queries assistance. This person will also be responsible for keeping the M&E system updated with all current information to ensure quality and timely information, consistent with the protocols for data entry and reporting. The M&E team is currently finalizing these protocols for implementation in all PDAP offices.

A2. Website

The website was updated to ensure its content can meet the varied needs of USAID, DEVIDA and other users of the information. The steps taken include:

- Making a clear difference between the concepts of intranet and extranet, by creating the **pdapperu.org/monitoreo** site for all things related to the M&E System. Information was transferred from **pdapperu.org** to the M&E site to allow independence between what is internal knowledge to PDAP implementation versus information which is available to USAID, DEVIDA and other partners.
- The contents for the M&E System site was updated with the following categories of information:
 - Results of R-372 cards for each intervention area, coca and derived product prices (published monthly by DEVIDA) and results of the 2004 Impact Survey.
 - New version of the Digital Mapping Server, with links to databases (ArcIMS 9).
 - Maps for: PDAP Areas of Intervention and Signatory Communities (R-372), Coca Areas represented in coca valleys, Historic Density of Coca per Area from 1996 through 2002, Life Zones (Holdridge classification) for PDAP areas of intervention and Protected Natural Areas. In addition to adding additional thematic maps, a bank of SHAPE format files, compatible with ArcView, will be created to allow users with experience in this software to construct custom digital maps. Software to allow users to publish maps in JPG and PDF format and in A4 and A3 sizes will also be added.
 - New reports: Adding files which previously formed part of PDAP's weekly report to USAID and DEVIDA. Reports include: Bonus payments, List of Communities who have signed CADA's invitation, List of communities, Communities who have signed the agreement, and Coca-free communities. Each of the reports will include a summary table and a detailed description.

- New documents: inserting digital documentation produced with the participating communities such as copies of the Convenios Marco, letters of invitation to CADA, registries of all of the communal assemblies held in connection with PDAP, addenda to agreements, etc. To date, over 10,000 documents have been digitalized and they are now being organized for easy retrieval and searches. This will enable staff to interact with other product applications.
- Links to other information systems: At this time, the M&E System has one link to DEVIDA.
- Other relevant information, such as media monitoring in PDAP intervention areas, Reports of PDAP's performance, photos and videos, etc.

A3. Business Intelligence System

The key focus this past quarter was to install and make operational the Business Intelligence System (CorVu). This was a major accomplishment. According to the Datawarehouse model, different analytical routines using executive alerts, graphic-type analysis, and dynamic reports are now under construction. Due to the modifications made to the database design, several of these procedures had to be re-designed from scratch. Additional development efforts will continue into the first quarter of 2005 given the need to focus this quarter on immediate requests, such as constructing the framework for the community "ficha."

Other key results for this quarter included:

- CorVu-developed modules have been installed in the Socialization, Productive Projects and Infrastructure areas so that users working in the project can access this information on demand. This information is greatly facilitating PDAP information dissemination and decision making tasks. It is now being used to automatically generate the periodic reports sent to USAID.
- Different software to access the M&E System was tested with good results. The software tested was done via Client/Server, via Web (CorVu WebKit Module) and Java (CorVuJava).
- Data consolidating and validation was done on information provided by the CSE, Land Titling, Security, Natural Resources and Communications. This information will be incorporated into the centralized database structure, using data forms developed together with the units.
- CorVu was fully integrated into the control panels and strategic maps.
- Training is underway for all staff. It is highly recommended that staff continue to receive training to maximize their ability to access, use, compile and work with the data included in the database.
- The management modules for the Contracting Division is pending, scheduled to be operational in early January 2005.

A4. Control Panel and Strategic Maps

The construction of the control panel systems and strategic maps is directly related to the use of information by project management to make decisions regarding program direction and results. Activities this quarter focused on the following:

- Developing control panels for the following groups of indicators: USAID Logic Framework, Chemonics-USAID contract, the contract Award Fee Plan, and Internal Management. The variables, the formulation and the main sources for each of the indicators were defined. The control panels are being constructed using the CorStrategy tool (part of CorVu) and are currently in the automatic updating stage.
- The automatic updating of management indicators is pending. These tasks are being carried out in parallel to the automation process of integrating the data from the different units working on the project. Also pending is a discussion with USAID to determine guidelines on what information will be made available to outside entities interested in receiving information on the project.

A5. Geographical Information System (GIS)

Key activities conducted this quarter include the following:

- Conducting an inventory of PDAP's digital maps. The goal is to build a database of digital maps to meet the demand of users familiarized with software packages such as ArcInfo or ArcView, and who have the capacity to construct maps using these sources. The intention is to have these maps available on-line for downloading from the internet through PDAP's intranet. At the moment, PDAP has approximately 1,150 files in SHAPE and DWG format (Standard ArcView and AutoCAD) on PDAP's target areas. In addition, 42 projects (APR format) are available in ArcView.
- Beginning the construction of a Digital Atlas, incorporating data from 1995 through 2002. The databases related to this task do not link works to specific coordinates but to communities, thus PDAP will need to do GPS plotting in the field to ensure accurate data gathering and reporting. This is particularly important in the case of names of communities (given similar or the same names in different regions).
- Integrating the DEVIDA and PDAP community databases. As a result of the M&E meetings held with USAID, DEVIDA and PDAP, a data exchange process has begun in an effort to standardize the information used by these three institutions. A total of 1,185 communities contained in the DEVIDA database, many of which PDAP is working in, have been added to the PDAP database. This represents the first exercise integrating information from both sources.

A6. Training

Training in the use of CorVu and how to manage data queries and information input is critical to the success and integrity of the PDAP M&E system. While a limited number of trainings were conducted this quarter due to other work demands, it is anticipated that this type of training will be conducted in an intensive manner in 2005. The following training was conducted this quarter:

- Training program to develop and manage indicators delivered to the infrastructure staff.
- Training of regional office and CES personnel in the use and administration of the programs designed to capture information, and instruction and procedures in how to continuously update the information in the Lima Central Office.

B. Operations Research Agenda

The Operation Research Agenda is a valuable tool that has to date not been fully exploited, but has a great potential for informing USAID, DEVIDA and PDAP on the dynamics of PDAP's effectiveness. A key element of the research agenda is to identify which activities are contributing the most or have the greatest potential for contributing towards PDAP's objectives and results. The Operation Research Agenda, which to a great extent comprises a number of performance and monitoring activities, often involves conducting rigorous analyses, the results of which can then be used by managers and decision-makers to adjust project planning and implementation to maximize its development impact and sustainability.

Key activities conducted this quarter include the following:

- The knowledge-capturing process was completed, using digital memories for the 2004 Meeting including PowerPoint, audio and video clips, and documents. Digital memories were produced online and on CD for further dissemination.
- The Operations Research Agenda was disseminated (including several presentations to decision makers and key individuals) and the information auditing (IA) and technical planning for major studies was developed.
- A comprehensive implementation/work plan for the first year of Operations Research activities was developed.
- Permanent Nuclear Management activities were implemented, including work-space and living-space logistics, RR/AA interviews, ongoing logistics for operations, administration of the implementation plan for the first year and resource requirements.
- A conceptual framework to classify variables of the DEVIDA household survey was developed. This entailed the joint review of 400+ variables (one-by-one) and variables still to be measured. Results included combining existing variables to create new variables as yet uncollected, creating a new gender-focused module, and prospective data planning (field validation in Tarapoto).

- Information Auditing (IA) activities commenced, involving the revision of initial data sources. Initially, two boxes of printed documents were obtained and examined. Printed and digital documents were obtained and examined throughout the entire year. A simple metadata catalogue was prepared to classify documents. This catalogue also included working documents corresponding to work carried out in 2003.
- Qualitative interviews were carried out with PDAP and USAID decision-makers to determine research agenda priorities.
- The initial work to create a Greenstone Digital Library tagged to the metadata of all documents classified for information auditing was started. Version 1.0 of the library will contain only the metadata entries while Version 2.0 will contain the full text of the relevant documents.
- Ongoing Information Auditing (IA) activities were executed, including a modular presentation of the IA areas to date. Required technical and support work was undertaken. This generated the need to make written summary presentations for each of the following modules:
 - Module 1: General overview of IA, objective, methodology and instruments.
 - Module 2: Inventory of information resources and available documentary resources.
 - Module 3: Classification protocol and results
 - Module 4: User information requirements and voids
 - Module 5: Digital Library
- Preliminary design and methodological definitions for vulnerability index studies, positive deviation studies and innovation studies were initiated. Theoretical frameworks and study protocols were considered and evaluated to include specific data, variables, and the design of a questionnaire for the study and its continuation into 2005.

C. Inter-institutional Work

The Inter-institutional M&E Committee, composed of M&E staff working with PDAP, USAID and DEVIDA, was formed to help coordinate the M&E activities and products to be developed under the project. One of the first results produced by this Committee was the R-372 community card or “ficha” which has served to influence decision-making in PDAP, USAID and DEVIDA. These cards provide current data on general statistics and activities programmed and in process in those communities with whom DEVIDA has signed a Convenio Marco. During this quarter, the community cards were designed and modified three times, after having been reviewed by the different players involved in the PDAP. The card’s main purpose is to serve as a means of determining the degree of compliance, both by the community with respect to auto-eradication, and by PDAP in connection with its commitments acquired under the Convenio Marco. Moreover, it is a fundamental tool for the community negotiations or concertacion process which seeks to clarify the benefits being delivered under the program and record any changes to these benefits or the timetable for their execution. A sample community card follows.

FICHA COMUNITARIA

<u>Ubigeo:</u> 2503020041	Programación: Bonos	Fecha Presentación Reporte:	20/1/2005
<u>Regional:</u> 01 AGUAYTIA	20% :	0.00	<u>Fecha Carta CADA:</u> 30/6/2003
<u>Departamento:</u> UCAYALI	30% :	0.00	<u>Has Medidas CADA:</u> 9.78
<u>Provincia:</u> PADRE ABAD	50% :	0.00	<u>Has Firmadas:</u> 9.78
<u>Distrito:</u> IRAZOLA	<u>Total:</u>	0.00	<u>Fecha Firma Convenio:</u> 2/2/2003
<u>Comunidad:</u> NUEVO HUANUCO	<u>Total Pagado:</u>	0.00	<u>Días transcurridos a la firma:</u> 718
<u>Familias Firmantes:</u> 40	<u>Pendientes:</u>	0.00	<u>Has Erradicadas:</u> 9.78
<u>Has de Coca x Familia:</u> 0.24	<u>% Pagado:</u>	86.91%	<u>Has por Erradicar:</u> 0.00
<u>Atención PDAP</u>	<u>Costo Presupuestado \$/:</u>	<u>Desem. \$/:</u>	<u>% Erradicación vs CADA:</u> 100.00
<u>Infraestructura</u>	<u>Obras Infraestructura:</u>	0.00	132,988.90
<u>Productivos</u>	<u>Proyectos Productivos:</u>	0.00	109,128.18
<u>Sin Atender:</u> [] []	<u>Total inversión \$/ en comunidad:</u>		246,792.08
<u>Atención Parcial:</u> [] []	<u>\$/ x Familia:</u>		6,169.80
<u>Atención al 100%:</u> [X] [X]	<u>US x Familia:</u>		1,762.80
			<u>Fecha Cumplimiento Autoerradicación:</u> 30/6/2003
			<u>Estado:</u> Comunidad Libre de Coca
			<u>Fecha Rechazo PDAP:</u>

Comprometidos (Convenio Marco/Adendas/Concertación)

Precedido	Tipo Proyecto	Descripción Proyecto	Origen Compromiso	Observación
2503020041-01	Construcción de Locales de Uso Múltiple	CONSTRUCCIÓN LOCAL USO MULTIPLE DE MADERA SOBRA PILOTES DE NUEVO HUANUCO	Adendas	

Estado Proyectos Infraestructura

Código	Tipo Proyecto	Descripción Meta	Meta	U.M.	Entidad/Contratista Ejecutora	Fase Del Proceso	Descripción Situación Ob	% Av.Fi.	F.Inicio	F.Fin
CI-000202	Construcción de Locales de Uso Múltiple	Construcción de un Local de Uso Múltiple de Madera de 114.00 m2, con cobertura de calamina, consta de una sala de reunión, Local de reunión de la Directiva y dos Servicios Higiénicos.	1.00	Local	CAVALY S.A.C.	FINALIZADAS	OBRA LIQUIDADADA	100.00	22/10/2003	26/2/2004

Comprometidos (Convenio Marco/Adendas/Concertación)

Precedido Producción	Tipo Proyecto	Descripción Proyecto	Origen Compromiso	Observación
2503020041-01	Cacao	Instalación y mantenimiento de cacao	Adendas por Concertación	Proyecto de 53.5 Has concluido, con 45 familias beneficiadas, se ejecutará complemento de proyecto para 2 Has con 2 familias que faltan atender con un presupuesto de \$/. 1390.79 n.s. Padrón sincerado
2503020041-02	Plátano	Mantenimiento de Plátano	Adendas por Concertación	
2503020041-03	Algodón	Instalación de Algodón	Adendas por Concertación	

Estado Proyectos Productivos

Código	Descripción Proyecto	Descripción Meta	Donatario	Cantida	U.M.	Fam Benef	Estado Proyecto	%Av.Fi.	F.Inicio Prog.	F.Inicio Electi	F.Fin Prog.	F.Fin Electiva
CD026	Apoyo al mantenimiento del Plátano en la Provincia de Padre Abad	Mantenimiento de 3.5 Hás.	Consorcio de Productores de Plátano de Ucayali	3.00	has	5	CONCLUIDO	100.00	24/9/2003	24/9/2003	30/7/2004	
CD005	Apoyo para la instalación de 650 nuevas	Instalación de 18 ha. de cacao	Asociación de Cacaoteros	18.00	has	16	CONCLUIDO	100.00	1/8/2003	1/8/2003	30/6/2004	

Sistema M&E PDAP

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FICHA COMUNITARIA

Código	Descripción Proyecto	Descripción Meta	Donatario	Cantida	U.M.	Fam Benef	Estado Proyecto	%Av.Fi.	F.Inicio Prog.	F.Inicio Electi	F.Fin Prog.	F.Fin Efectiva
CD005	hectáreas y mejoramiento de 450 hectáreas de cacao el la Pro Apoyo para la Instalación de 650 nuevas hectáreas y mejoramiento de 450 hectáreas de cacao el la Pro	Mantenimiento de 31.5 ha. de cacao	Asociación de Cacaateros Tecnificados	31.00	has	25	CONCLUIDO	100.00	1/8/2003	1/8/2003	30/6/2004	
CD066	Apoyo ampliación de áreas de cacao asociado con plátano y leguminosas en la provincia de Padre Abad	Instalación de 4 ha. de cacao	Asociación de Cacaateros Tecnificados de Padre Abad-ACATPA	4.00	has	4	CONCLUIDO	100.00	3/11/2003	3/11/2003	30/5/2004	
CD068	Apoyo para la instalación de algodón asociado con arroz o maíz en la provincia de Padre Abad	Intalacion de 42 has Algodón	Consorcio de Productores Algodoneros Selva Oriental COPASO	42.00	has	27	EN EJECUCION	95.00	17/11/2003	17/11/2003	30/9/2004	
CD164	Mantenimiento de 300 hectáreas de Plátano en veinte y cuatro Comunidades de los Distritos de Padre	Instalacion de 04 ha. de Platano	Consorcio de Productores de Plátano de Ucayali	4.00	has	4	CONCLUIDO	100.00	6/1/2004	6/1/2004	30/7/2004	
PP-000022	APOYO A LA INSTALACIÓN DE 1616 HAS DE CACAO EN COMUNIDADES FIRMANTES DE CONVENIO EN LA PROVINCIA DE PADRE ABAD.	INSTALACIÓN DE 1 HA DE CACAO POR FAMILIA		2.00		2	EN EJECUCION	5.00	3/1/2005		30/4/2005	

FICHA COMUNITARIA

3. REGISTRO DE ADENDAS

secuencia	Tipo Registro	Fecha	Has CADA	Has Firmadas	Familias
0	Convenio Inicial	2/2/2003	9.78	9.78	40
Total Convenio			9.78	9.78	40

4. REGISTRO DE OBSERVACIONES

Observaciones Convenios Marco

Sec.	Fecha	Nombre Funcionario	Cargo Funcionario	Observacion
1	19/10/2004	CESAR REINA	SOCIALIZADOR	Comunidades sin Saldos

Observaciones Infraestructura

CI-000202	1	22/10/2004	ALFONSO FALLA	GERENTE DEL AREA DE SOCIALIZ	ADDENDA EN TRAMITE
CI-000202	2	25/10/2004	Diego Villegas	Especialista Forestal	area degradada por cultivos de coca, reducida presencia de bosque primario

Observaciones Productivos

CD026	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD068	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto en proceso de cosecha (No cuenta con documento físico de Convenio Marco)
CD164	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD066	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD005	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD005	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD005	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)
CD005	1	22/10/2004	Lucia Fernández	Monitor CSE	Proyecto concluido (No cuenta con documento físico de Convenio Marco)

ANNEX 1: Administrative and Financial Report

A. Administrative Report

A1. Contracts and Grants

During this quarter, the project signed 57 sub-contracts and 16 work orders, totaling \$2,228,896.81, as shown in the table below:

Fixed Price Sub-contracts	No	S/.	US\$
Infrastructure	42	2,639,310.38	799,791.02
Administration and Finance	1	13,745.00	4,165.15
Communications	8	1,166,108.47	353,366.20
CSEs	4	38,675.90	11,719.97
Natural Resources and Environment	1	21,400.00	6,484.85
Total	56	3,879,239.75	1,175,527.20

IQS Sub-contracts – Infrastructure	No	S/.	US\$
Work Orders – Execution	4	681,285.18	206,450.05
Work Orders – Evaluation	1	3,986.50	1,208.03
Work Orders – Design	2	155,466.04	47,110.92
Work Orders – Supervision	9	821,201.00	248,848.79
Total	16	1,661,938.72	503,617.79

Cost Reimbursable Sub-contracts	No	S/.	US\$
CSEs	1	1,814,181.00	549,751.82
Total	1	1,814,181.00	549,751.82

In addition, 15 Grant Agreements were signed, totaling \$1,048,754.11, as shown in the following table:

Grant Agreements	No	S/.	US\$
Infrastructure	10	2,166,780.79	656,600.24
Natural Resources and Environment	1	44,807.00	13,577.88
CSEs	4	1,249,300.76	378,575.99
Total	15	3,460,888.55	1,048,754.11

The Contracts department helped the CSE unit prepare the first Technical Assistance subcontract in response to a new strategy to contract technical assistance for specific crops through the private sector. The goal of this mechanism is to stimulate the presence and the investment of the private industry and to generate a more sustainable link between producers and buyers. The first subcontract, with the firm Sierra y Selva in the amount of S/1,814,181 to deliver technical assistance in the installation and maintenance of Cacao in Tingo Maria, Aguaytia, Tocache, Juanjui and Chazuta, was signed in late December 2004.

The co investment committed by Sierra y Selva represents an additional S/.154,680 and will be used to finance Centros de Acopio and Organic Certification of Cacao, and the committed cost share represents an additional S/.510,388, mainly in technical person - hours. In addition, the subcontractor will supervise the delivery and proper utilization of agricultural inputs provided in support of the PDAP. The period of performance is from December 22, 2004 to March 20, 2007.

A2. Human Resources/Personnel

The following is a list summarizing the most significant information related to personnel in this quarter:

- Jairo López, a former TCN employee for a sub-contractor, became Manager of the M&E System in October.
- Lima had a net reduction of one long term staff member during the quarter (4 people left, while 3 started). Outside Lima, only the Satellite Office of Aguaytía had a change in long term personnel, in which one staff member left the program. This person will be replaced.
- There was a net reduction of 14 short term employees during this quarter.

A3. Procedures and related Initiatives

During this quarter, the following initiatives were developed to improve program operations and efficiencies.

- Established a process and transferred authority to the Satellite Offices so they can enter into personnel contracts, without needing approval from the Lima central office.
- Decentralized financial controls from Lima to the Satellite Offices through a rotation plan involving the project's financial analysts.
- Re-engineered the process and was able to cut in half (from 22 to 11) the number of days it takes to review and process payments for Infrastructure sub-contracts and grants.
- Developed a pool system for annual performance evaluation of staff and salary increases.
- Strengthened the Contracts department to expedite the contractual process.
- Rolled out a new system for the request of subcontracts and grants. The Contracts office developed request forms for subcontracts and grants that simplify the request process for each of the technical units. They clearly identified the contractual obligations we are required to fulfill, expediting the turn around time. The forms have been developed with each technical unit in mind. A request form for infrastructure projects, a request form for productive projects and communication

projects have been developed. They take into consideration the most common contractual mechanisms each unit utilizes to award projects.

- Written guidelines on conflict of interest and gifts were developed and shared with staff.

B. Financial Report

The following table details expenditures this quarter and the accumulated totals and approximate projections for the next two quarters. It is important to stress that these are projections and are subject to change due the circumstances that may impede activity execution in the target areas. To date, the obligated amount for the contract is US\$43,775,000. This covers PDAP implementation expenses but not the award fee and is equal to the estimate of the funds committed for the first year of the contract.

As detailed in the projections below, it is anticipated that major expenditures will take place during the next six months. This is due to the timing of initiation of productive and infrastructure projects and ensuring completion of the R372 process. Additionally, it is necessary to note that the “concertación” process has just been completed; the budget that was programmed to be fully spent by March 2005 is now anticipated to cover expenditures through August 2005 at which time we anticipate all R372 obligations will be mostly met.

Total Expenditures this reporting quarter: US\$10,977,360
Accumulated expenditures as of 31 December: US\$21,499,047*

*This amount reflects expenditures under contract 527-C-00-03-00043-00 only. Additional expenditures were made in 2004 but were charged to the previous contract, which ended August 31, 2004.

Participatory Alternative Development Program (PDAP) Chemonics International Inc. Contract Number 527-C-00-03-00043-00

DESCRIPTION	Expenditures				Projections		Total
	From April to June/04	From July to September/04	From October to December/04	Accumulated	From January to March /05	From April to June/05	
CLIN 1: Start up Activities	\$48,732	\$1,449	\$3,282	\$53,462			\$53,462
CLIN 2: Auto-eradication	\$1,761,945	\$5,695,640	\$7,940,769	\$15,398,355	\$9,254,431	\$9,254,431	\$33,907,217
CLIN 3: Willingness to Reject Coca Increased	\$435,601	\$934,571	\$1,630,520	\$3,000,693	\$2,059,347		\$5,060,040
CLIN 4: Situational Response	\$120,256	\$248,646	\$268,385	\$637,286	\$126,444		\$763,730
CLIN 5: Performance Monitoring	\$390,490	\$884,358	\$1,134,404	\$2,409,251	\$1,581,300		\$3,990,551
TOTAL	\$2,757,023	\$7,764,664	\$10,977,360	\$21,499,047	\$13,021,522	\$9,254,431	\$43,775,000